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THE ONTARIO OPERATING FUNDS DISTRIBUTION MANUAL

A MANUAL GOVERNING THE DISTRIBUTION OF ONTARIO GOVERNMENT OPERATING GRANTS TO ONTARIO UNIVERSITIES AND UNIVERSITY-RELATED INSTITUTIONS (FORMULA MANUAL)

1988-89 FISCAL YEAR

**UNIVERSITY RELATIONS BRANCH
MINISTRY OF COLLEGES AND UNIVERSITIES
TORONTO, ONTARIO**

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FOREWORD

Although, in case of conflict, rulings and interpretations in this manual take precedence over those contained in any other document referred to by this manual, any such conflicts should be brought to the attention of the Director, University Relations Branch.

Under no circumstances should a university make decisions unilaterally on matters requiring an interpretation of the distribution mechanism. Whether the problem is one of definition, one of programs not specifically identified in the categorization scheme, or exceptional circumstances requiring special consideration, the matter should be raised formally prior to completion and submission of enrolment reports, by writing to the Director, University Relations Branch, Ministry of Colleges and Universities.

The institutional fiscal year covered by this edition of the manual is 1988-89. Unless otherwise indicated, the rulings, procedures and definitions, etc. contained in it apply to the whole of this fiscal year.

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1. GENERAL

The purpose of a distribution mechanism or formula is to provide an objective mechanism for determining the share of the provincial operating grant to be allocated to each university. The Ontario distribution mechanism aims to ensure a reasonable degree of equity in the distribution of available government support. It does not in itself provide the basis for determining the level of such support. It should be noted that the distribution mechanism is not intended to limit or control the expenditure of funds granted to the universities, except in the case of the specifically targetted envelopes for research overheads, faculty renewal, program adjustment and the other special purpose grants allocated for grants-in-aid and other activities.

The non-targetted university operating grants may be applied to any eligible university operating expenditure. Eligible expenditures include all operating expenditures except those

(a) in connection with assisted/sponsored research,
(b) for principal and interest payments on capital indebtedness,
(c) for student aid,
(d) for ancillary enterprises,
(e) for capital projects.

1.0 Definitions

A series of definitions used generally throughout this manual follows. Detailed definitions used in the calculation and reporting of enrolment for funding purposes are contained in section 4, Enrolment Reporting Requirements.

1.0.1 Institution

For the purposes of this manual, "institution" means an eligible institution as listed in section 2.

1.0.2 Program

For the purposes of this manual, a program is defined as a sequence of courses or other units of study prescribed by an institution for the fulfilment of the requirements of a particular degree, diploma or certificate.

1.0.3 Transfer

A transfer is defined as a change from one sequence of courses or other units of study that fulfils the requirements of a degree, diploma or certificate to another sequence of courses that fulfil the requirements of a different degree, diploma or certificate, even if course credits are transferred from one program to the other.

1.0.4 Program Level

For the purposes of this manual, the program levels are defined as follows:

- preliminary or qualifying year
- diploma
- certificate
- undergraduate baccalaureate
- professional
- master's
- doctoral
- special or unclassified

1.0.5 Professional

As used in this manual "professional" refers to programs leading to diplomas or degrees in the following disciplines:

Agriculture
Architecture
Business
Commerce
Administration
Dentistry
Divinity or Theology
Education
Engineering
Forestry
Home Economics
Food Sciences
Hygiene
Journalism
Law
Library Sciences
Medicine
Music
Nursing
Optometry
Pharmacy
Physical and
Health
Education and
Recreation
Physio and
Occupational
Therapy
Secretarial Sciences
Social Work
Veterinary Medicine and
Animal Sciences.

1.0.6 One full term or its full-time equivalent

This is defined in detail in section 4 - Enrolment Reporting. For undergraduate work, this means at least 0.5 FFTE´s. For graduate work this means at least 1.0 term FTE.

1.0.7 Group I (Type A) and Group II (Type B) Foreign students

International students are charged additional fees, over and above the rate for domestic students. The rate charged is dependent on the program in which the foreign student is registered. Those students will be classified as Group I who are reported for formula purposes at a weight per term of 0.75 or less, or as Upper Years Honours Science, Music, or Environmental Science at weight 1.0 per term. All others will be classified as Group II.

The term Type A is interchangeable with the term Group I and the term Type B is interchangeable with the term Group II. See Appendix 5.1.3 for current rates.

1.0.8 Dependent

With respect to a person, means the spouse of that person and any unmarried son or daughter of that person or of the spouse of that person who is in full time attendance at an Ontario university or related institution.

1.1. Historical Background

The idea of devising an objective mechanism to allocate operating grants to Ontario Universities was deliberated for many years. A strong endorsement of this principle came from the 1965 Bladen Commission report.

The distribution of operating funds to Ontario Universities by means of an enrolment-based formula was first introduced for the 1967-68 fiscal year. The various programs were weighted to approximate relative costs. Basic Income Unit (BIU) counts were generated by multiplying full time equivalent (FTE) enrolment by the appropriate program weights. (The weights range from 1.0 to 7.5). To calculate the grant entitlement for each institution, the value of the Basic Income Unit was determined by the government, on the advice of the Committee on University Affairs. The dollar amounts of Basic Operating Income (BOI) were calculated by multiplying the BIU counts by the BIU value. Formula Fee rates were set for each program by the government, and reviewed each year. The full-time-equivalent enrolment was multiplied by these fee rates to calculate total formula fee income. These formula fees were subtracted from basic operating income to determine each institution's operating grants.

Appendix 1.1 summarizes the changes in the formula between 1967-68 and 1986-87. This first formula was used to determine the allocation of operating grants from 1967-68 through to 1972-73, with only some minor adjustments in weighting schemes and in the calculation of full time equivalency. However, during this period a change in policy occurred, whereby the government determined the total available operating grant dollars, rather than the BIU value for the year. This resulted in the formula becoming purely a mechanism for determining the distribution of grants between institutions, rather then the determining factor for the total amount of operating support provided. The BIU value was thereafter merely an artifact, determined by dividing the total available dollars by the total number of funding units in the system.

For the 1973-74 fiscal year, in response to representations from institutions, "slip-year" financing was introduced. Under this scheme, grants were distributed on the basis of the previous, rather than the current, years enrolment, thus permitting more effective planning in the institutions. Grants for the years 1973-74 through to 1975-76 were calculated in this way, with a few more minor changes in weighting and FTE calculation.

For the 1976-77 fiscal year there was a major change in the way that students were counted, with the simultaneous introduction of fractional unit counting and multiple term reporting for all students at the undergraduate level. Also in that year, a freeze was introduced on the graduate counts for funding purposes: the 1975-76 level was to be used for three years. Moreover, to reduce the sensitivity of the distribution mechanism to changes in enrolment at all levels the formula now took into consideration more than one year of enrolment data: in 1976-77 the grants were based on 1/3 1974-75 and 2/3 1975-76 undergraduate data; in 1977-78 an average of the previous three years was used.

For the distribution of 1978-79 operating grants, the formula was amended again: the notion of enrolment averaging to reduce sensitivity to enrolment fluctuations was retained, and the concept of base (or "fixed cost") and moving average (or "variable cost") was introduced. The base years were set at 1974-75, 1975-76 and 1976-77; the moving average consisted of the three years immediately prior to the grant year. To further reduce sensitivity to enrolment changes a factor was introduced which effectively discounted increases or decreases in enrolment beyond the base levels.

This formula remained in operation for grant distribution up to and including grants for 1983-84. The freeze on graduate student counts for funding purposes was lifted for grants distributed in 1979-80. The discount factors employed were 50% at the undergraduate and masters graduate levels, 66 2/3% at the doctoral graduate level.

Operating grants for 1984-85, 1985-86 and 1986-87 were distributed on the basis of an "interim formula", consisting of 2/3 "old" formula and 1/3 "new" formula.

This "new" formula attempted further to reduce sensitivity to enrolment fluctuations, and to combat some concerns about the use of 1974-76 enrolment levels as a base. The "new" base funding BIU and formula fee counts consisted of the average of the old base years, 1974-75, 1975-76 and 1976-77, together with the three years having the highest BIU counts between 1974-75 and 1982-83. This average was thus based on different years depending on the institution concerned. A moving average BIU and fees count was calculated from the latest three years, as before, but was the basis for only 25% of the grant distributed by the "new" formula, at all levels.

1.2.. Outline of Distribution Mechanism for 1987-88 and beyond

On December 17, 1986, the Chairman of the Ontario Council on University Affairs delivered Advisory Memorandum 86-VII, "Modification of the Operating Grants Formula" to the Minister of Colleges and Universities. This advisory memorandum recommended a new operating grants allocation mechanism for 1987-88 and beyond.

Council reaffirmed its objectives for the operating grants distribution mechanism, as outlined previously in Advisory Memorandum 77-VII, "The Ontario System: A Statement of Issues", and re-iterated in Advisory Memorandum 82-XV:

1. funding stability by preventing extreme fluctuations in institutional income,
2. funding predictability to assist institutions in their planning efforts,
3. equitable allocations among institutions,
4. accountability to the public by linking funds to some quantifiable factor, and
5. a method that is simple to use, understandable and practical to implement.

Earlier in 1986, the council had consulted with the institutions on the priority that should be attached to each of these objectives. In general, institutions attached highest priority to funding stability and/or equitable allocation rather than to the other objectives. The primary direction for formula revision chosen by the council was, therefore, enhanced funding stability, in order to achieve the following aims:

(a) protect institutions' funding from the impact of the actions of other institutions;

(b) reduce the incentive for institutions to use growth only for the purpose of increasing their share of total operating grants;

(c) provide the opportunity for quality considerations as well as for quantity considerations in academic decisions; and,

(d) reduce short-term variations in funding which may result from fluctuating enrolment patterns in future years.

A secondary direction undertaken in this formula revision was to address some of the concerns raised by institutions about the fairness of the existing formula in recognizing individual institutional needs. The council undertook to address those concerns only if there were new funds available to support adjustments. Such adjustments were not to be made in a zero-sum situation where they would result in reductions in funding for other institutions. The Minister, on November 3, 1986, announced that funds had been made available for the council to address concerns about the recognition of expanded instructional and research activity, and the special needs of the northern institutions. The council, therefore, had two additional aims for its formula revision related to instructional concerns:

(a) to provide appropriate recognition for relative changes in past levels of activity by adjusting the level of funding with due regard to the past legacy of funding patterns, and,

(b) to adjust institutional funding over the long term, in relation to changing levels of activity.

The council´s recommended formula revision was a multi-faceted system of operating grant distributive mechanisms, with a number of different functions, but integrated in total impact. It is based on an "envelope" approach to operating grants allocation.

Five separate envelopes were designated for 1987-88:

(1) Basic Grants envelope;
(2) Enrolment adjustment/accessibility envelope;
(3) Mission related, institution specific envelope
    (a) Northern Mission
    (b) Institutional Weights (Ryerson and OCA)
    (c) Bilingualism
    (d) Differentiation;
(4) Research Overheads/Infrastructure envelope;
(5) Program Adjustment envelope.

...... 1.2

1.2.1. Basic Grants envelope

The basic grants allocation mechanism will operate in the following manner:

(i) To begin with, each institution's share of the total basic grant will equal its share of 1986-87 formula grants.

(ii) Institutions will continue to receive approximately this level of "real" basic grants so long as their "moving-average" of Basic Income Units (BIUs) remains in a corridor of ±3%. The only variation in an institution's funding will be the tuition fees gained or lost by varying levels of enrolment.[1]

(iii) When an institution's moving-average BIUs fall below its corridor, it will have its BOI, and hence basic grants, reduced in line with the decline in BIUs. With the agreement of the Ontario Council on University Affairs, the institution may negotiate for the establishment of a new corridor lower than its current one at a lower level of basic grants to avail itself of the funding stability inherent within a corridor. A new corridor would be based on an agreed plan. The institution would be able to approach the council prior to or after going below its floor. The council would recommend any agreed change to the Minister for approval.

(iv) When an institution's moving-average BIUs go above its corridor it will receive no automatic increase in basic grants but will retain all incremental tuition fees. With the agreement of the council, and if it approaches the council prior to going above its ceiling, the institution may negotiate the establishment of a new corridor above its current level at a higher level of basic grants. A new corridor would be based on an agreed plan. The council would recommend any agreed change to the Minister for approval.

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[1] This assumes that total basic grants and formula fee rates increase annually at the same rate. If the percentage increases in total basic grants and formula fee rates differ, the rate of increase in basic grants may vary among institutions according to the proportion of BOI funded by fees at each institution. In this context "real" basic grants refers to the 1986-87 formula grants escalated by the annual increase in system-wide formula grants.

(v) The 1987-88 basic grants entitlement will be adjusted as the enrolment/accessibility and institutional weights adjustments are applied.

1.2.2. Enrolment adjustment/accessibility envelope

In 1987-88 this envelope operated as an adjustment for funding anomalies which developed over the latter years of operation of the previous formula as a result of differences in the patterns of enrolment growth among Ontario universities. In 1988-89 this envelope is designated for the recognition of enrolment growth in 1987-88 beyond 1986-87 levels. In 1989-90 this envelope will fund additional enrolment growth in 1988-89 over 1987-88 levels, as well as the flow through of the 1987-88 over 1986-87 growth, and will also provide special funding to encourage participation by currently under-represented groups.

1.2.2.1. Enrolment adjustment - 1987-88 grants

In 1987-88 a total of $25 million in enrolment adjustment grants were allocated in the following manner:

(i) $12.5 million was allocated according to each institution's proportion of weighted Growth BIUs. Growth BIUs were defined as the gap between an institution's undiscounted and discounted BIUs and were calculated by subtracting each institution's 1986-87 Funding BIUs (i.e., discounted BIUs) from the average of its 1983-84, 1984-85, and 1985-86 BIUs (i.e., undiscounted BIUs). Each institution's Growth BIUs were weighted according to the proportion that its growth BIUs were of its undiscounted BIUs (the three year average indicated above).

(ii) $12.5 million was allocated according to each institution's proportion of the university system's unweighted Growth BIUs.

For 1988-89 the grant amounts so generated have been included in each institution's Base Grants and Base BOI, for the purposes of calculating subsequent base grant entitlements.

1.2.2.2. Accessibility Envelope - 1988-89 grants

The accessibility envelope will recognize incremental enrolment growth in 1987-88 by funding in 1988-89 the positive difference between each institution's 1987-88 BIUs and its 1986-87 BIUs, less the positive difference in formula fees between the same two years. These BIUs and formula fees will not be included in an institution's moving average count in the basic grants envelope.

1.2.2.3. Accessibility Envelope - 1989-90 grants

To address the government's commitment to fund the incremental growth identified in 1987-88 in future years, in 1989-90 the positive difference between each institution's 1987-88 BIUs and its 1986-87 BIUs will be funded at a rate equal to the 1989-90 Base BOI per base BIU, less the associated incremental formula fees.

The government has agreed to fund the positive difference between an institution's 1988-89 BIUs and its 1987-88 BIUs, at a rate which will be determined by the total of the positive increases in BIUs between 1987-88 and 1988-89, but will not be more than the 1989-90 Base BOI per Base BIU less the associated incremental formula fees.

Total funding under the Accessibility Envelope in 1989-90 will amount to a maximum of $88 million. It was estimated in April 1988 that approximately $40 million would be required to fund the flow-through of 1987-88 growth. A further $4 million is reserved to promote access for the under-represented groups, and the remaining balance of approximately $44 million will fund the growth between 1987-88 and 1988-89.

1.2.3. Mission related institution specific envelope

This envelope comprises the former categories of operating grant known as "extra formula", together with two additional programs, namely an additional special northern grants category and a weight adjustment grant to compensate for a phase in to new weight and fee rates for the institutions of Ryerson Polytechnical Institute and the Ontario College of Art.

1.2.3.1. Northern Grants

(1) Northern Ontario Operations Grants funding

Northern Ontario Grants are provided to the northern institutions to offset the extra costs faced by these universities. Besides those due to environmental factors, costs include those due to the isolation of northern universities, and the consequent need to maintain a more varied minimum range of programs than would be feasible without extra support. Support levels are determined by OCUA as a percentage of prior year´s basic operating income, or in terms of the percentage increase in prior year´s Basic Operating Income. The "mini-formula" used for the calculation is outlined in OCUA Advisory Memorandum 75-VII. In Advisory Memorandum 88-III "Northern Ontario Grants Review, the council recommended that, this grant continue to be distributed according to this mini-formula. This advice was accepted by the minister. The allocation of northern grants since their inception in 1975-76 are detailed in Appendix 1.2.3.1.

(2) Northern Ontario Mission Grants Funding

For 1987-88, and again in 1988-89, a special allocation of $3,000,000 was made to the northern institutions to address particular needs in providing university-level education in northern Ontario. Also in Advisory Memorandum 88-III, the council advised that this grant be distributed to the Northern institutions in the same proportions as the Northern Ontario Operations Grants. The council also recommended that the institutions at the beginning of each fiscal year be required to report to the council how these funds are to be spent to support activities related to their, Northern Ontario Mission and that they be required to report to the ministry three months after the end of each fiscal year as to how the funds were spent.

1.2.3.2. Institutional Weights

In Advisory Memorandum 86-VII, the Ontario Council on University Affairs recommended that institutional funding weights for Ryerson Polytechnical Institute and the Ontario College of Art (OCA), as well as their institutional formula fee rates, be increased. This advice was accepted, and the phase-in of fee rates to the "Group 5" level started in 1987-88. An institutional weight adjustment grant was awarded to each institution to reflect the increase in the institutional weight accorded to each institution. These grants are the residual of the Base Basic Operating Income (Base BOI) revenue increase resulting from the increase in institutional weights and the increased level of formula fee revenue generated by the recommended fee rate increase. Institutional weight adjustment grants are temporary grants reflecting a change in BIU and BOI levels. When fully implemented, the movement of fee rates to the "Group 5" level will cover the increased BOI for these institutions.

1.2.3.3. Bilingualism

The Government of Ontario has made special bilingualism grants since 1967-68, in recognition of the costs incurred for this purpose by various institutions. These grants finance three main objectives. First, to provide educational opportunities in their own language to Franco-Ontarians. Second, to make available in institutions of different sizes parallel course streams in a bicultural ambiance for both English and French language groups. Third, to provide more or less fully bilingual and bicultural exposure to anglophone and/or francophone groups.[2]

In Advisory Memorandum 83-IX, the Ontario Council on University Affairs documented the incremental cost of existing bilingualism programs using 1981-82 cost data. On the basis of the study's findings, the level and distribution of bilingualism grants were adjusted in 1984-85 to reflect more accurately the incremental costs of bilingualism. This distribution among institutions has formed the basis of bilingual grant allocations since 1984-85. The total funds available for distribution within this program are equal to the previous year's grants increased by the percentage increase in the total university system basic operating grants. The amounts allocated in each year since 1967-68 are contained in Appendix 1.2.3.3.

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[2] Ref. First Annual Report, Ontario Council on University Affairs, 1974-75

1.2.3.4. Differentiation

In 1981-82 a new category of operating fund grants was introduced: differentiation grants. Over the previous several years the Ontario Council on University Affairs had repeatedly stated its belief that there was a need for system-wide rationalization. This, it was felt, should be achieved primarily through institutional role differentiation. The council believed that each institution must identify its existing strengths as a basis for planning and development, and channel its initiatives in relation to those strengths. The council considered that differentiation grants were appropriate when an institution accepted a clearly differentiated role, demonstrated its intention to pursue its strengths efficiently and effectively, and required special funding to do so. The renewal or continuation of such a grant depends entirely on the progress the institution makes towards attaining its goals over the period for which the grant is awarded.[3] In 1987-88 the principle of a continuing differentiation grant was established. This new phase in the differentiation grant is geared towards maintaining a previously established differentiated role.[4]

Trent University was the first, and to date has been the only, recipient of a differentiation grant. In the course of its development, Trent has chosen to differentiate itself from the other institutions in the Ontario university system and has a particular role to play as the only institution in the province engaged almost entirely in undergraduate Arts and Science instruction. The differentiation grants awarded since 1981-82 are detailed in Appendix 1.2.3.4.

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[3] The Ontario Council on University Affairs, in Advisory Memorandum 80-VI, The Allocation of the Government's Operating Support for the University System in 1981-82.

[4] The Ontario Council on University Affairs in Advisory Memorandum 87-I, The Allocation of the Government's Operating Support for the University System in 1987-88.

1.2.4. Research Overheads/Infrastructure envelope

During the discussions which took place in 1985-86 surrounding the modification of the University Operating Grants Formula, concern was expressed about the level of funding provided for the overhead costs of sponsored research through the existing formula grant mechanism. It was pointed out that sponsored research activity and direct funding had increased significantly in recent years. The support of the indirect or overhead costs of this research through operating grants had not kept pace. This had a particularly negative impact on the research infrastructure and other areas of university operations at institutions heavily involved in resource-intensive research.[5]

In 1986-87, under the auspices of the University Excellence Fund program, a total of $15 million was allocated to enhance the research resources of the universities. This money was to be used to assist in the acquisition of research equipment, specialized experimental facilities and highly skilled technical and professional support staff.

The Research Overheads/Infrastructure Funding Envelope provides continuing assistance in the funding of research overheads. The bulk of funding for research infrastructure and overheads will continue to be provided through the base grants envelope. The additional envelope must be considered a marginal funding source for research activity. As such, it should be responsive to changes in the level of sponsored research activity at each university and should reflect the relative levels of costs incurred at each institution.

For 1987-88 the research overheads/infrastructure grants were allocated on the basis of each institution's proportion of peer-adjudicated sponsored research funding by the Federal Government's three granting agencies (the Social Sciences and Humanities Research Council, the Natural Sciences and Engineering Research Council and the Medical Research Council) for the years 1983-84, 1984-85 and 1985-86.

A review of the appropriate long-term mechanism for supporting overhead and infrastructural costs of sponsored research was undertaken by the Ontario Council on University Affairs in 1988.[6] The council recommended that the allocation be made in future years on a similar basis to that made in 1987-88. For 1988-89 the fund is distributed on the basis of each institution's proportion of peer-adjudicated sponsored research by the three federal granting agencies for the years 1984-85, 1985-86 and 1986-87.[7]

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[5] The Ontario Council on University Affairs, in Advisory Memorandum 86-VII, Modification of the Operating Grants Formula.

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[6] The Ontario Council on University Affairs, in Advisory Memorandum 87-I, The Allocation of the Government's Operating Support for the University System in 1987-88.

[7] The Ontario Council on University Affairs, in Advisory Memorandum 87-XV, "Research Overheads/Infrastructure Funding Envelope Allocative Mechanism".

1.2.5. **Program Adjustment envelope**

The government's allocation for university operating support announced in November 1986[8] included provision for funds to assist in meeting the costs associated with program closure, program start-up in areas of critical need, moving capacity from one institution to another or initiating co-operative efforts or joint programs in order to facilitate desired program adjustments. These programs will be folded into basic funding as appropriate over a reasonable period of time. The overall objective of this envelope is to enhance quality and to encourage rationalization and differentiation.

1.2.5.1. Distribution for 1987-88[9]

The $7 million in Program Adjustment grants for 1987-88 were allocated according to each institution's proportion of the sum of the total Basic Income Units for the years 1984-85, 1985-86 and 1986-87. The funds allocated were to be used to facilitate the type of activities which would bring about needed program adjustments. These funds were not to be treated as normal operating funds.

1.2.5.2. Allocation for 1988-89 and future years

The envelope will be operated on a competitive basis, with funds allocated according to the assessed merit of proposals submitted to OCUA and recommended by the council to the minister.

Because of the compressed time-frame required for 1988-89, an accelerated timetable for the submission and review of proposals is being developed by OCUA. Institutions will be able to submit, as part of the program adjustments competition in 1988-89, any carry-forward of the program adjustments begun in

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[8] Letter from the Honourable Gregory Sorbara, Minister of Colleges and Universities to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs, November 3, 1986, announcing operating support for 1987-88.

[9] The Ontario Council on University Affairs, in Advisory Memorandum 87-VII, Criteria and Process for the Program Adjustment Envelope, 1987-88.

1987-88. Funding for these projects in 1988-89 will be determined by comparing their merits to those of newly submitted proposals for program adjustments.

(1) Objectives

Proposals for program adjustment must demonstrably meet at least one of the following objectives, the relative priority of which may be announced prior to the call for proposals. The Minister's designated priorities for the current year are contained in Appendix 1.2.5.

(a) enhance quality;
(b) encourage rationalization or consolidation of programs;
(c) encourage institutional differentiation;
(d) provide flexibility to make significant structural changes in program offerings;
(e) facilitate adaptation to downward changes in corridors;
(f) encourage inter-institutional co-operation;
(g) enable shifting of under-utilized resources to better locations.

(2) Eligible Activities

The following activities are eligible for program adjustment funding, provided that at least one of the objectives is met, and subject to possible ranking in order of priority.

(a) closures of programs and significant contractions;
(b) major shifts in emphasis or capacity within approved programs;
(c) new or significantly expanded co-operative or joint inter-institutional programs eligible for government support, if the program is in an area of critical need;
(d) movement of program capacity among institutions;
(e) development or commencement of programs which are eligible or become eligible for government support, if the program is in an area of critical need.

The ability of new programs to attract funding from other sources will be taken into account when the Ontario Council on University Affairs (OCUA) assesses proposals for program adjustment funding. The "double-funding" of projects will not be permitted.

(3) Eligible expenditures

Eligible expenditures under the program adjustment envelope include the following costs, provided institutions contribute a minimum of 25% of the cost from institutional funds already available. Each expense must be related directly to the activity designated.

(a) facilitating early retirements;
(b) buying-out contracts;
(c) transferring employees (faculty or staff) to another institution;
(d) retraining or redeployment of employees (faculty or staff) within an institution beyond normal study and research leaves;
(e) significant equipment and library purchases required for start-ups and increases in capacity;
(f) relocating equipment between institutions;
(g) appointments of employees (faculty or staff) for new initiatives.

Renovation and alteration expenses may be eligible, but only under the costs contributed from an institution's own funds.

Although the list of eligible expenditures is not intended to be exhaustive, any new categories of expense will be recommended by OCUA to the Minister of Colleges and Universities.

(4) Process

(a) The envelope should be operated on a competitive basis, distributed according to merit.
(b) The minister will have an early opportunity each year, before the council calls for proposals, to indicate the critical needs that have been identified to government as requiring new program support, and to indicate the relative priorities among the objectives and eligible activities that have been established for the envelope.
(c) Institutions will have an early opportunity to propose their needs and priorities to the council.
(d) OCUA will invite proposals annually, in January, sixteen months before the beginning of the effective fiscal year. The call for proposals will reflect the

approved priorities and areas of critical need.

(e) Institutions will submit proposals by August 1.

(f) OCUA will review submissions in early Fall, and will consult with those institutions which submit promising proposals (securing mutually-agreeable changes).

(g) The council will recommend to the minister only those proposals it deems most deserving of support no later than January or February, with funding for approved projects to begin in the next fiscal year.

(h) Priority must be given to larger projects which will bring about significant program adjustments. There will be in all likelihood instances where some institutions will not receive new program adjustment funding in any one year.

(i) Major program adjustments should be funded over a number of years (to a maximum of four years), similar to the process used to fund capital projects, where the flow of funds available for each year of the adjustment is identified.

(5) Proposals submitted to OCUA from institutions will indicate in detail:

(a) the activity to be undertaken indicating the department or programs being supported;

(b) an explanation of the objective which an individual project will attempt to fulfil, and an indication of how each project fits within the broad framework of the institution's future plans;

(c) the institutional priority attached to each project, accompanied by an explanation for this priority ranking;

(d) the eligible expenditures to be incurred, how they relate to the activity undertaken, and an indication of the expenditures to be funded by the institution and the amount requested for government support;

(e) the duration of the program and the schedule of expenditures, including a detailed listing of the expenditures to be undertaken in each year, and the portion of these expenditures requiring government support.

(6) Accountability

The Ministry of Colleges and Universities will notify institutions of the ministry's accountability requirements for program adjustment funding, including the degree of detail and nature of the accounting to be required.

1.2.6. **Faculty Renewal Fund**

1.2.6.1. Allocation and Guidelines for 1986-87

In October 1985, the Minister of Colleges and Universities announced the creation of the University Excellence Fund. One component of this fund was intended to increase the proportion of younger faculty and women faculty in the university system. Ten million dollars was allocated for 1986-87 to provide support for new faculty appointments. In May, 1986[10] the government announced its intention to support 500 Faculty Renewal appointments over the five year period 1986-87 to 1990-91.

For 1986-87 entitlements under the Faculty Renewal Program were calculated on the basis of total faculty salary expenditures. The institutions were required to submit proposals detailing how they planned to expend their entitlements. Eligible expenditures included:

- hiring new faculty (particularly younger faculty and women faculty) who did not currently hold a tenured position;
- altering the existing faculty complement through buy-out arrangements or early retirements to replace senior faculty with new appointments, provided that such arrangements in each case could be shown to result in new appointments; and
- providing for professional development and upgrading in addition to that normally undertaken by the institution involved.[11]

Institutions that wished to expend funds on the altering of existing faculty complement through buy-out arrangements or early retirements had to demonstrate how such expenditures would result in the hiring of new faculty. Institutions that wished to expend funds for professional development and upgrading that did not directly result in the hiring of new faculty were required to demonstrate why and how such expenditures were more appropriate in pursuit of the overall goal of faculty renewal.[12]

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[10] Letter of May 26, 1986 from the Honourable Gregory Sorbara, Minister of Colleges and Universities to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs.

[11] Letter of April 10, 1986 from the Honourable Gregory Sorbara, Minister of Colleges and Universities, to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs.

1.2.6.2. Entitlements and Guidelines 1987-88 and beyond.

Beginning in 1987-88 institutions were not automatically entitled to a share of the fund on the basis of a formula. Each institution was required to submit a faculty renewal plan for the remaining duration of the program. These submissions were to describe the institution's current situation, set out how it intended to use the fund to further the program's goals, particularly the improvement of the percentage of women faculty, and set out its own plans to pursue specialization and excellence. The submissions were also to demonstrate how the positions funded by the Faculty Renewal Program would become self-financing at the end of the five year period.

Beginning in 1987-88 eligible expenditures are limited to:

- hiring new faculty (particularly younger faculty and women faculty) who do not currently hold a tenured position; and
- transferring existing faculty on part-time and limited-term appointments to full-time tenure track appointments.[13]

The Ontario Council on University Affairs assigned the task of assessing the institutional submissions, particularly with respect to the appropriateness of the various proposed positions, to it's Academic Advisory Committee (AAC). This committee's report forms Appendix A of the Ontario Council on University Affairs's Advisory Memorandum 87-IV, "Faculty Renewal Program: Years Two through Five". The number of positions allocated to each institution are detailed in Appendix 1.2.6.2.

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12. Letter to Executive Heads of Provincially Assisted Universities and related institutions of April 15, 1986 from Alan. K. Adlington, Deputy Minister.

13. Letter of May 26, 1986 from the Honourable Gregory Sorbara, Minister of Colleges and Universities, to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs.

The results of the Faculty Renewal Program are to be monitored yearly in order to assess each institution's success in terms of increasing the number (and hence the proportion) of younger faculty and female faculty. Therefore, as a condition of continuing support under the Faculty Renewal Fund Program, institutions are required to report to the Minister, by the end of the first fiscal year for which each new faculty member hired under the program is appointed, the following information for each position supported:

a) the age of the faculty member hired;

b) the sex of the faculty member;

c) his/her appointment status immediately prior to appointment, i.e, whether on a part-time or contractually-limited appointment and/or whether on the staff of the institution or that of another institution; and

d) the salary and benefits of appointed individuals.[14]

Institutions are requested to submit any proposed changes to their individual faculty renewal plans to the Ontario Council on University Affairs, by November 1st of each year. These submissions should include: a) the departmental affiliation; and b) a statement as to how the proposed appointment will achieve the program's objective of enhancing institutional specialization and excellence.[15] The OCUA will review the submissions and make recommendations to the Minister where appropriate.

The amount of support allocated to each position is based on a specific salary level which was determined in consultation with OCUA and COU. The amount of support for the members of each cohort hired in previous years is updated on an annual basis.

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[14] Ref.:Ontario Council on University Affairs, Advisory Memorandum 87-IV, recommendation 87-20, and letter of July 9, 1987 from the Honourable Gregory Sorbara, Minister of Colleges and Universities, to Dr. Paul. H. Fox, Chairman, Ontario Council on University Affairs.

[15] Ontario Council on University Affairs, Advisory Memorandum 87-IV, recommendation 87-21.

- Institutions are required to submit reports to the ministry accounting for any surplus faculty renewal funds which they receive. In the event that their total actual salary and benefit costs are less than their total entitlements, based on the pre-determined support levels, there are a number of eligible means for spending the surplus funds. These include providing for professional development or upgrading in addition to that normally undertaken, and allowing for the altering of existing faculty complements through buy-out arrangements or early retirements.

Institutions are required to account separately for expenditures pursuant to the Faculty Renewal program, and to submit special audit reports with respect to the fund, in accordance with the audit guidelines developed for 1986-87 University Excellence Fund expenditures.[16] These guidelines are contained in Appendix 1.2.7.2.

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[16] Letter of April 23, 1987 from the Honourable Gregory Sorbara, Minister of Colleges and Universities, to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs.

1.2.7. Library Enhancement and Student Equipment Fund

1.2.7.1. Allocation and Guidelines 1986-87

In October 1985, the Minister of Colleges and Universities announced the creation of the University Excellence Fund. A major component of this fund was the Library Enhancement and Instructional Equipment allocation, to assist institutions in the acquisition of library reference materials and equipment and urgently required teaching aids, computers, laboratory and scientific equipment for instructional purposes.[17]

Each institution's entitlement was based on its 1985-86 enrolment as measured by its Basic Income Units (weighted enrolment). Institutions were asked to submit proposals detailing how they intend to expend their entitlements. In accordance with advice received from the Ontario Council on University Affairs in Advisory Memorandum 85-VII, "University Excellence Fund", these submissions were to be broad in nature, project-oriented (rather than line-by-line), and were to outline the types of expenditures to be undertaken, confirm that the expenditures met the eligibility criteria and indicate the anticipated impact on enhancing the quality of instruction.

Eligible expenditures under this component of the University Excellence Fund included:

- one-time installation costs such as cabling for micro-computer laboratories;
- directly related renovation and alteration costs to reconfigure or adapt existing physical plant to accommodate the new equipment and to provide access to these acquisitions.

1.2.7.2. Allocation and Guidelines 1987-88

Allocations for 1987-88 were based on actual 1986-87 BIU counts. Eligible expenditures were the same as 1986-87, and reporting requirements were also identical. Proposals were to be submitted to the Director of the University

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[17] Letter of October 25, 1985 from the Honourable Gregory Sorbara, Minister of Colleges and Universities to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs.

Relations Branch. Following approval of the institution's proposal, funds were flowed on a calendarized basis.[18]

Institutions must account separately for expenditures under the Library Enhancement and Student Equipment Fund, and must submit special audit reports with respect to the fund, in accordance with the audit guidelines developed for the 1986-87 Excellence Fund expenditures. These guidelines are contained in Appendix 1.2.7.2.

In 1987-88 it remained the government's intention that funds expended under the Library Enhancement and Student Equipment fund be additional to those which would normally have been expended for library reference materials and student equipment. The "additionality" test developed for 1986-87 applied to 1987-88 expenditures. The 5-year average representing "normal" levels of expenditures for libraries and instructional equipment was updated to include total 1986-87 expenditures minus 1986-87 Library Enhancement and Student Equipment allocations.

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[18] Letter of April 23, 1987 from the Honourable Gregory Sorbara, Minister of Colleges and Universities, to Mrs. Marnie Paikin, Chairman, Ontario Council on University Affairs.

1.2.8. Special Purpose Grants

A number of small operating grant payments are made to Ontario universities and other related institutions to provide funds for special activities and grants-in-aid under special agreements with the specific institutions. The major categories of these other grants are:

(a) Francophone programs:
French Minority Language (start-up and development of French language courses and programs)
French as a Second Language
Ontario-Quebec Exchange

(b) Off-campus grants to northern institutions

(c) Teacher Education In-Service Programs

(d) Grants-in-aid:
University of Toronto Schools
Bar Admission program
Ontario Educational Communications Authority

(e) Special purpose, non-recurring items

2. ELIGIBLE INSTITUTIONS

2.1. Provincially Assisted Institutions

The following institutions are eligible to claim support as outlined in this document, subject to any limitations that may be imposed by the Minister. Eligible enrolment in the federated or affiliated colleges as set out in section 2.2 may be claimed by the institutions below:

- Brock University
- Carleton University
- University of Guelph
- Lakehead University
- Laurentian University
  - Algoma College
  - Nipissing College
  - Le Collège de Hearst
- McMaster University
- University of Ottawa
- Queen's University
- University of Toronto
- Trent University
- The University of Waterloo
- The University of Western Ontario
- Wilfrid Laurier University
- University of Windsor
- York University
- The Ontario Institute for Studies in Education
- Ryerson Polytechnical Institute
- Ontario College of Art
- College of the Dominican or Friar Preachers of Ottawa

2.1.1. College of the Dominican or Friar Preachers of Ottawa

Dominican College became eligible for 50% provincial support commencing in September, 1973. Any program introduced after September 1, 1967 must have met or must meet the same requirements for program approval as they apply to the provincially assisted institutions as set out in section 3.1.2.

2.2. Church-related and Federated or Affiliated Institutions

Institutions named in section 2.1 may claim full operating support for eligible enrolment in eligible programs in the following church-related institutions which are federated or affiliated with them, subject to the criteria detailed in sections 2.2.1 - 2.2.3:

Brescia College
Huron College
King's College
St. Peter's Seminary
Queen's Theological College
The University of St. Michael's College
Trinity College
Victoria University
Knox College
Wycliffe College
Regis College
St. Augustine Seminary[19]
Concordia Lutheran Seminary
Thorneloe University
University of Sudbury
Huntington College
McMaster Divinity College
St. Paul University
Renison College
St. Paul's United College
The University of St. Jerome's College
Conrad Grebel College
Waterloo Lutheran Seminary

2.2.1. Conditions for eligibility - students

The conditions for eligibility for full support for enrolment in institutions named in 2.2 are:

- that any student for whom operating eligibility is claimed be registered at one of the provincially assisted universities named in section 2.1 and the degree awarded be that of the provincially assisted university;
- that the standards of admission, curriculum, graduation, etc. be established and regulated by the appropriate academic bodies of the provincially assisted university.

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[19] St. Augustine Seminary terminated its affiliation with the University of Toronto on July 1, 1988. Thus the University of Toronto will not include enrolment associated with the seminary in its 1988-89 enrolment reports. All enrolment associated with the seminary will be removed from the University of Toronto totals, effective for funding in 1989-90. (Enrolment based portions of 1989-90 funding are based on enrolment in the years up to and including 1988-89.)

2.2.2. Conditions for eligibility - non-theological programs

Only those non-theological programs in existence at the federated and affiliated colleges when the 100% support policy was introduced on September 1, 1974 become automatically eligible. All other non-theological programs must have met or must meet the same requirements for program approval as those which apply to the provincially assisted institutions as set out in section 3.1.2.

2.2.3. Conditions for eligibility - theological programs

Only those theological programs in existence on September 1, 1967 became automatically eligible for 100% support on April 1, 1976. Any program introduced after September 1, 1967 must have met or must meet the same requirements for program approval as those which apply to the provincially assisted institutions as set out in section 3.1.2.

3. ELIGIBLE PROGRAMS

3.1. Program Approval Policy

3.1.1. Historical record

3.1.1.1. Undergraduate programs: 1974 to November 2, 1981

With the approval of their senates, institutions were free to establish new undergraduate programs, and have them funded automatically. Only undergraduate programs of the following types required ministry approval:

(1) new professional programs
(2) new health sciences programs
(3) new Ryerson and Ontario College of Art programs
(4) new programs requiring extra formula support
(5) new programs not included in existing weight categories for which a formula weight above 1.0 was required.

3.1.1.2. Undergraduate programs November 2, 1981 to December 15, 1982

On November 2, 1981, the Minister announced a freeze on all new undergraduate programs under which:

(1) universities were asked to introduce no new undergraduate programs without prior consultation with the Ontario Council on University Affairs;

(2) universities could report enrolment in a new program for formula grant purposes only if the new program had received

  (a) OCUA's recommendation to the Minister for funding, and

  (b) ministry funding approval.

The freeze applied to any undergraduate program offered by a university after November 1, 1981, which in content, format, or mode of presentation differed significantly from any of the programs previously offered by that university in which students were enrolled. Wherever clarification was required on the application of this general definition to particular cases, it was the university's responsibility to obtain it from OCUA.

Enrolment in new programs not approved for funding was to be reported as ineligible for formula grants. These freeze requirements terminated in December, 1982.

3.1.2. **Current policy - Undergraduate**

3.1.2.1. Basic "core" Arts and Science programs

New programs in basic "core" Arts and Science disciplines may be reported as eligible for grant purposes without having to obtain specific ministry approval, except where such a new program:

(i) does not have a formula weight already assigned and a weight greater than 1.0 is sought; or

(ii) will require extra operating support; or

(iii) cannot be accommodated within existing available university facilities.

Programs in basic "core" Arts and Sciences disciplines are:

Biological Sciences
English Language and Literature
French Language and Literature
General Arts and Science
Humanities
Mathematical Sciences
Physical Sciences
Social Sciences
Theology

3.1.2.2. All other programs

All other new university programs at the undergraduate level, including professional, quasi-professional and "special" programs (i.e., programs outside the category defined as basic "core" Arts and Science) may be reported as eligible for operating grants only after review and recommendation by the Ontario Council on University Affairs and funding approval by the ministry.

Hybrid programs consisting of courses falling partly into section 3.1.2.1 and partly into section 3.1.2.2 are subject to review, recommendation and funding approval.

The Ontario Council on University Affairs Advisory Memorandum 82-VII will provide guidance in most cases for determining whether a program is new and, if so, whether or not it requires ministry funding approval. Wherever further clarification is needed on either point, it is the university's responsibility to obtain it from the Ontario Council on University Affairs

3.1.2.3. Ryerson and Ontario College of Art

Notwithstanding sections 3.1.2.1 and 3.1.2.2 above, funding for all new or substantially expanded programs at Ryerson Polytechnical Institute and at the Ontario College of Art is subject to OCUA review and recommendation to the Minister, and ministry approval.

3.1.3. **New programs - Graduate level**

New graduate programs that have successfully passed OCGS's appraisals process are referred to OCUA by COU. These programs are then submitted to OCUA's Academic Advisory Committee. OCUA subsequently recommends those programs deemed to meet the council's criteria to the Minister for final approval for funding purposes.

3.1.4. **Programs in Education**

Some recommendations contained in the report entitled Financing University Programs in Education were accepted and implemented by the government in 1972. A weight of 2.0 was assigned to most undergraduate programs, with phasing-in provisions for programs transferred from the Ontario Teacher Education Colleges; an annual weight of 3 was assigned to Master's level programs and the standard annual weight of 6 to Doctoral level programs.The minima and maxima provisions (see Section 4.6) for graduate enrolment counting in programs in education apply only for students first registering after June 30, 1971.

Each university undergraduate teacher education program operates under an agreement between the institution, the Minister of Colleges and Universities and the Minister of Education under the authority of the Education Act. Responsibility for certification and related matters rests with the Minister of Education, while all other responsibility rests with the Minister of Colleges and Universities.

Only programs in education designated as "credit" level by the senate of the university concerned, and which also have the approval of the Minister of Education for certification purposes, where appropriate, are eligible for operating support.

Effective from the beginning of 1980-81, policy on in-service courses is as follows:

> All such courses which lead to university credit are eligible to be claimed for operating support. In-service courses not leading to university credit may be claimed for operating support under the "special grants" category, provided these courses have prior funding approval from the Ministry of Colleges and Universities.

3.2. Categorization and weighting

3.2.1. General

One full time student enrolled for two terms of general degree work offered in a liberal arts program generates one basic income unit. Work in honours, professional and graduate programs is related on a rough cost basis to this basic core.

The categorization scheme does not pretend to reflect precisely the relative costs or the relative importance of each program at each university. There is no intention that the relationship in the categorization table should be reflected in detail in the spending of any university. The formula weights do not necessarily reflect differences in costs among various subjects within a given program or among program years. The formula for which the weights were initially devised was designed merely to produce a reasonably equitable overall distribution of basic government grants. Use of weighted enrolment, or basic income units, generated by this categorization scheme in various envelopes of the current distribution mechanism reflects the general belief that relative overall program costs continue to be reasonably well defined by the existing categorization scheme.

The calculation of Basic Income Units (BIUs) from Full-time Equivalents (FTEs) and Formula Programs of Study (FORPOS) differs slightly at the undergraduate and graduate levels. A full description of the calculation of FTEs is contained in the annual Essential Notes and Reporting Instructions. The procedure at the undergraduate level involves multiplying a term FTE count (otherwise known as an FFTE or fiscal full time equivalent) by an annual weight for the undergraduate FORPOS to come up with the BIU count generated by the student for the term in question. At the graduate level, for fall, winter and spring terms, an annual FTE (1.0 for a full time student, 0.3 for a part time student) is multiplied by a term weight for the graduate FORPOS to produce the BIU count generated by the student for the particular term. For the summer session, graduate students are considered to be full time for one half a semester, and therefore count for 0.5 FTE each. At both levels the BIUs for each term in which the student is present are then summed over the fiscal year to produce the BIU count generated for that fiscal year.

3.2.2. Undergraduate, Diploma and First Degree

Category 1	**Annual Weight 1.0**

Undergraduate diploma programs, other than those specifically listed in other categories or otherwise provided for in the annual Essential Notes and Instructions.

First year honours arts
First year honours science
First year social work
General Arts
General Science
Pre-Commerce and Business Administration
Pre-Medicine
Secretarial Science
Theology - both degree and diploma

Category 2	**Annual Weight 1.5**

Upper years honours arts (including Master´s level "make-up" year).

Art as Applied to Medicine (University of Toronto)
Commerce and Business Administration
Fine and Applied Arts
Journalism - upper years only
Law
Library Science
Physical Education
Physical and Occupational Therapy
Social Work - upper years only

Category 3	**Annual Weight 2.0**

Upper years honours science (including Master´s level "make-up" year)

Agriculture
Architecture
Education (elementary and secondary)
Engineering
Environmental Studies
Food and Household Sciences
Forestry
Hygiene and Public Health
Industrial Design (Carleton)
Music - both degree and diploma
Nursing
Pharmacy
Public Health Nursing - diploma course

Category 4 **Annual Weight 5.0**

Dentistry
Medicine (except years two and three of McMaster three year program)
Veterinary Medicine

3.2.3. Miscellaneous other undergraduate level

Undergraduate programs which do not fall into the categories defined in section 3.2.2 are shown in the following list. For a more complete list of institution specific programs and the weights assigned to them, see Appendix 1.6.0 of the annual Essential Notes and Reporting Instructions.

	Annual Weight
Engineering and Forestry Technology (Lakehead University)	1.2
All undifferentiated undergraduate programs in the Faculty of Arts and Science at the University of Toronto, Scarborough College and Erindale College	
1972-73 to 1975-76	1.24
1976-77 to 1977-78	1.279
1978-79 to 1980-81	1.326
1981-82 to 1982-83	1.334
1983-84 to 1985-86	1.37
1986-87 to present	1.391
Four year Concurrent Teacher Education Program	1.25
Engineering and Management (McMaster) - Years 2 and 4	2.0
- Years 1, 3 and 5	1.5
Journalism - one year post-baccalaureate degree (Carleton)	1.5
York (all undergraduate programs excluding Law)1976-77 to 1978-79 (regular weighting applied before 1976-77 and after 1978-79)	1.284

.... 3.2

O.I.S.E. Programs:	
Certificate in Adult Education (qualifying or make-up year)	1.0
Master of Arts	1.5
Master of Education - ten unit (without honours)	2.0
Ryerson - all programs	
1974-75 to 1976-77	1.34
1977-78 to 1979-80	1.38
1980-81 to 1986-87	1.36
1987-88 to present	1.42
Ontario College of Art	
1976-77 to 1986-87	1.3
1987-88 to present	1.35
Medical Interns and Residents (three terms)	2.5
Dentistry residents	2.5
Optometry (three years, i.e. excluding pre-Optometry)	3.0
McMaster three year Medicine	
Years 2 and 3 only (year 1 is category 4, weight 5.0)	7.5

3.2.4. Graduate level programs

Note: All graduate theology programs carry a weight of 0.5 per term.

Category 5 **Annual Weight 2, Term Weight 1**

Master's level and First Year Ph.D. direct from Baccalaureate.

Commerce and Business Administration
Health Administration
Journalism
Public Administration

Category 6 **Annual Weight 3, Term Weight 1**

Master's level and First Year Ph.D. direct from baccalaureate in the following programs:

Criminology
Education
Fine and Applied Arts
Library Science (other than "make-up" year)
Law
Humanities
Mathematics
Physical and Health Education
Social Sciences
Master of Philosophy (M.Phil.)
All specialist Graduate Diploma Courses
Graduate programs n.e.s.

Category 7 **Annual Weight 4, Term Weight 1.333**

Master's level and First Year Ph.D. direct from baccalaureate in the following programs:

Agriculture
Architecture
Art Conservation
Child Study
Dentistry
Engineering
Environmental Studies
Food and Household Science
Forestry
Geography
Hygiene and Public Health
Medicine
Music
Nursing
Pharmacy
Physical Therapy
Physiological Optics
Psychology
Science (Physical and Biological)
Social Work
Urban and Regional Planning
Veterinary Medicine

Category 8 **Annual Weight 6, Term Weight 2**

All Ph. D. except First Year Ph.D. direct from baccalaureate.

3.2.5. NOTES

"Other graduate programs" as shown in section 3.2.4, Category 6, includes all graduate degree and diploma programs not specifically covered in the descriptions of other categories or in the annual Essential Notes and Instructions for enrolment reporting.

Students in the upper years of honours undergraduate work in psychology, geography and mathematics shall be included in Category 3 (weight 2.0) since costs of undergraduate work in these subjects appear to be, on the average, similar to costs in honours science. At the master´s level, however, mathematics would seem to be more appropriately grouped with the humanities and social sciences, and is therefore included in Category 6 (weight 3.0), while psychology and geography, because of laboratory and field work requirements, are again classed with science and engineering in Category 7 (weight 4.0).

4. ENROLMENT REPORTING REQUIREMENTS

A university must bear the adverse consequences of its own errors in enrolment reporting, but will suffer no loss in respect of enrolment under-reported if the situation arose because of an oversight on the part of the ministry. In submitting reports of actual enrolment, it is the responsibility of the universities to see that no eligible students are unclaimed. Ministry policy with regard to adjustments is contained in Section 1.4 (Error Correction) of the Annual Essential Notes and Reporting Instructions.

The Ministry of Colleges and Universities requires an audit of enrolment data for institutions eligible for operating support. Audit guidelines are contained in Appendix 4.

4.1. Definitions

For purposes of calculating and reporting fiscal FTEs for undergraduate students a number of specialized definitions apply:

4.1.1. Term

A period of studies (including examinations) at a university of about 15 - 17 weeks in length; or one half an academic year; or a semester; or the equivalent as determined by a university. The terms are deemed to be: spring term (May - August); fall term (September - December); winter term (January - April). At some institutions summer sessions and/or intersessions also exist. These sessions are about six weeks in length, and provide the equivalent of a term of study, in a limited number of courses. These sessions normally take place between May and September.

4.1.2. Academic Year

A period of studies (including examinations) normally comprising the months of September to April/May inclusive or the equivalent.

4.1.3. Normal Full-time Study Load

The normal full time study load of an academic year in a program which would enable qualified persons whose principal activity is study at a university, to qualify for the university's degree or diploma in a specified normal number of academic years or terms for that program, assuming for purposes of definition, no more than one attempt at any part of those studies.

4.1.4. Unit of Study

A course, credit, credit hour or other unit of measurement established by a university to represent one part of the total requirements for completion of a degree or diploma program.

4.1.5. Registration Level

The ordinal number of years, terms, semesters, etc. employed by a university to indicate the standing of a student in the various stages or levels of a program (e.g. first year student, second year student, first semester student, etc.).

4.1.6. Fiscal Full-time Equivalent

An FTE is represented by a student whose study load in the fiscal year is equal to the normal full-time study load for his or her program and level of registration in the academic year.

4.2. Ineligible Students

4.2.1. Students enrolled in undergraduate programs of study for which ministry funding approval is required, but has not been obtained.

4.2.2. Students who are enrolled in a church-related institution which does not meet the criteria outlined by the Minister of Colleges and Universities in his letter of June 26, 1975 concerning affiliation with a provincially assisted degree granting institution. (See Section 2.2.1 for details).

4.2.3. Students who are enrolled in an affiliated church-related institution, in a theological program of study introduced after September 1, 1967, which has not met the requirements for program approval as set out in Section 3.1.2., or in a theological program which was ineligible under the former federal scheme of grants for universities and colleges.

4.2.4. Students in an affiliated church-related institution in a non-theological program introduced after September 1, 1974, which has not yet met the requirements for program approval set out in Section 3.1.2.

4.2.5. Those enrolled in graduate programs introduced after Spring 1971 which have not received approval in writing from the ministry of Colleges and Universities, or those for which funding approval has been withdrawn.

4.2.6. Graduate students enrolled in programs of study that have not been favourably appraised by the Ontario Council on Graduate Studies (i.e. Ph.D. programs established after January 1, 1969 and Master´s programs established after July 1, 1967.)

4.2.7. Graduate students enrolled in new programs subject to the embargo on new graduate programs (i.e. all programs without enrolment prior to May 1, 1971, except those designated by MCU as exempt from the embargo).

4.2.8. Students "auditing" university credit courses (possibly registered in a course, but not taking the course for credit standing). To be claimed as eligible, a student must have taken a course for credit standing. Mere registration in a course does not mean eligibility for formula support.

4.2.9. Students registered in the first year of undergraduate degree programs, who on the applicable count date, have not successfully completed the requirements for the Ontario Secondary School Honour Graduation Diploma (SSHGD), the Ontario Secondary School Diploma with six Ontario Academic Credits (OSSD with 6 OACs), or the equivalent from other educational jurisdictions except:

(a) mature students;

(b) students registered in Music at the University of Toronto who have completed the requirements for the Ontario Secondary School Graduation Diploma (SSGD) or the Ontario Secondary School Diploma (OSSD) or the equivalent from other educational jurisdictions and have certain additional qualifications in music;

(c) students registered in the transitional year program of the University of Toronto who lack the ordinary entrance qualifications because of economic, social, cultural and ethnic factors;

(d) students registered in first year in a trimester program in the Winter or Spring Term at the University of Guelph, who leave Ontario Year 5 studies before the end of the normal school year with the permission of the high school principal.

4.2.10. graduate students for whom the maximum of claimable BIUs has been claimed prior to the term being reported on. (Students who will exceed the maximum as a result of the term being reported on should be claimed as eligible at the full entitlement and adjustment made by means of the minima/maxima provisions, as explained in section 4.5)

4.2.11. graduate students who are registered but inactive. This would include students working on their thesis and not making substantial demands on the resources of the institution.

4.2.12. students enrolled on a "full-cost recovery" basis. In such cases, a sponsor pays fees that approximate the operating revenue that the university would have received, had the student been enrolled in the usual way. This includes supernumerary post-graduate medical trainees, who are sponsored by foreign governments.

...... 4.3

4.3. Eligible undergraduate students

4.3.1. Application of definitions

The great variety of programs leading to degrees and diplomas means that the calculation of FFTEs by each institution will be determined by the nature of the program itself while, at the same time, complying with the intent of the definitions provided in section 4.1. Some examples are provided as guidelines:

4.3.1.1. **Some programs measure progress toward the degree or diploma and express requirements for completing the program in exact numbers of units of study. For such programs, the "normal full-time study load" for an academic year is the total number of units of study required to complete the program, divided by the number of academic years of full-time study specified for that program. The FFTEs for a term are calculated by dividing the number of units of study registered by students in the program on the term count date, by the "normal full-time study load" for the academic year.**

4.3.1.2. Some programs measure student progress toward the degree or diploma in "blocks" of study, usually of an academic year in duration. All work prescribed is compulsory, and promotion is from one "registration level" to the next rather than by discrete units of study. There is no part-time study, and students are not permitted to complete the degree or diploma requirements in less than the specified number of academic years or terms of full-time study. The only instance where a study overload is taken is for repeating failed work. In this case, the **"normal full-time study load" is the total work of the academic year. The FFTEs for the term are equal to half the number of students registered in the program on the count date of the term.**

4.3.1.3. **Some programs, particularly some honour and professional programs, prescribe variable "normal full-time study loads" reflecting the fact that within the same program, there may be differences in the work expected of individual students for the same degree or diploma. This arises because of differences in enrichment or emphasis. For such programs the "normal full-time study load" is any amount of work within the range prescribed. For students whose study loads are outside the range, the "normal full-time study load" would be the mid-point of the range, unless the institution**

identifies a point more representative of the loads of students engaged in full-time study in that program. The FFTEs for a term would be equal to half the number of students within the range of the "normal full-time study load" and, for students whose study loads are outside the range, the FFTEs would be determined by the sum of the study loads taken by such students in the term, divided by the normal full-time study load for the academic year. The total FFTEs for the term is the sum of the two situations above.

4.3.1.4. In the case of students not registered in programs leading to degrees or diplomas but enrolled in units of study which are normally credited toward degrees or diplomas, the "normal full-time study load" and the method of calculating the FFTEs is governed by the program to which the units of study are usually credited.

4.3.1.5. The FFTEs for students registered on the applicable count dates in the summer sessions or intersessions are calculated by multiplying the number of student registrants by the fraction, in credit value, that the unit of study represents of the "normal full time study load" of the program for the academic year.

4.3.2. Eligibility Criteria - Courses/Programs

For a course or other unit of study to be eligible to be included in the calculation of eligible FFTEs

(a) it must be taken for credit;

(b) it must normally be acceptable for credit as fulfilling in part the requirements for a degree or diploma of that institution;

(c) the student must be held academically responsible for his or her achievement in it (i.e. success, failure, etc. must be noted on the student's permanent record) in a way consistent with treatment of all courses or other units of study in that program.

A course or other unit of study normally credited toward a diploma may not be regarded as eligible to be included in the calculation of eligible FFTEs in a degree program unless it is normally accepted by the institution as fulfilling in part the requirements for a degree.

4.3.3. Diploma or Certificate Programs

Effective May 1, 1986, courses or other units of study within undergraduate diploma or certificate programs at Ontario universities may be included in the calculation of eligible FFTEs only if:

(a) the course is eligible for credit toward a degree as approved by a senate or governing council;

(b) the minimum admission requirements for the certificate or diploma program are the same as those for degree students;

(c) similar methods of academic assessment are employed for degree, diploma and certificate students.[20]

4.3.4. Certificate Programs at Ryerson

Effective May 1, 1986, courses or other units of study within certificate programs at Ryerson may be included in the calculation of eligible FFTEs only if:

(a) the course has been approved as part of an existing degree or diploma program and is transferable for full credit towards a degree or diploma program, and is transferable for full credit towards a degree or diploma;

(b) minimum admission requirements are the same as for degree or diploma students;

(c) similar methods of academic assessment are employed for degree, diploma and certificate students.

4.3.5. Lakehead University Diploma Programs

Notwithstanding section 4.3.3, courses within diploma programs at Lakehead University, which do not carry degree credit but which are currently being reported as eligible, will continue to be eligible for funding pending the results of the review of undergraduate programs now being undertaken at the university.

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[20] Ontario Council on University Affairs Advisory Memorandum 85-I

4.3.6. Arts and Science Programs Not Differentiated Between General and Honours

All students in undifferentiated programs in Arts and in Science not assigned a special weight (that is, a weight greater than 1.0) should be reported as if they were in the general course, except in the case of fourth year students, who are readily acknowledged as being in the honours category, and except for students in lower years who by virtue of academic standing, or other appropriate criteria embodied in university regulations, may reasonably be categorized as Honours students. **Criteria for such differentiation, insofar as they affect the calculation of funding BIUs, are subject to approval by MCU.**

4.3.7. Part time Studies

Any university claiming support for students not engaged in studies on a full time basis, will be expected to meet the following criteria:

4.3.7.1. Faculty and Teaching Staff

Instructors of part time students are full members of the appropriate department and faculty with the full privileges and responsibilities of any regular or part time faculty member. Appointments to the faculty, terms and conditions of work, including remuneration, should be consistent within the institution irrespective of whether a faculty member is teaching full time or part time students. Payment for services rendered should be based upon a regular teaching load, without regard to the time of day at which courses are taught. Overload teaching is not precluded in special circumstances.

4.3.7.2. Academic Structure

The development of courses of study for part time students should be handled within the normal university structure under the direction of the senate or appropriate academic governing body. In universities where a college system is operative, it may be deemed appropriate to establish or maintain a special college having specific responsibility for part time students. In such cases the college itself, as well as the members of the teaching faculty and students, should have the same relationship to the university, including participation in the governing structure, as would prevail with any other college.

4.3.7.3. Admissions, Examinations and Academic Regulations

Regulations for part time students should be built into the overall academic structure in such a way that the requirements for admission, promotion, degrees, etc., applying to part time students are identical with those for full time students. Special regulations for mature students, for example, should be university-wide or faculty-wide, without respect to whether a student is proceeding towards a degree on a part time or full time basis. While it is recognized that some special academic regulations for part time students in particular may be required, these and academic regulations of a similar nature not specially for part time students should be developed and administered by the same bodies and in the same manner.

4.3.7.4. Scheduling

The university should schedule its classes on an integrated, extended day program which allows part time students to enrol in classes offered during either day or evening hours and full time students to attend classes specifically scheduled for part time students when practical. The foregoing does not apply to work done through correspondence courses.

4.3.7.5. Interpretation

Any question with respect to the eligibility of part time students at university should be submitted in writing to the Director, University Relations Branch, ministry of Colleges and Universities.

4.4. Eligible graduate students

4.4.1. Graduate student status

A graduate student claimed for formula support must:

(1) be engaged in studies requiring an honours undergraduate degree or its equivalent as a prerequisite for admission (except for students enrolled in Category 5 graduate programs where the honours degree admission requirement does not apply). Students holding an undergraduate general degree or its equivalent and enrolled in programs listed under categories 6, 7, and 8 should be identified as "qualifying year" or "make-up" students and reported as undergraduates;

(2) be making substantial demands upon the resources of the university where registered;

(3) not be enrolled in a baccalaureate program in any of the following professional fields: social work, library science, law medicine, teacher education (even if such a student possesses an honours undergraduate degree, he or she is not considered to be a graduate student);

(4) not be ineligible for any of the reasons outlined in section 4.1

4.4.2. Full time graduate student

A full time graduate student must:

(1) be pursuing his or her studies as a full time occupation;

(2) identify himself or herself as a full time graduate student;

(3) be designated by the university as a full time graduate student;

(4) be geographically available and visit the campus regularly. Without forfeiting full time status, a graduate student, while still under supervision, may be absent from the university (e.g. visiting libraries, doing field work, attending a graduate course at another institution, etc.) provided that, if any such period of absence exceeds four weeks in any one

term, written evidence shall be available in the Graduate Studies Office to the effect that the absence has the approval of the Chairman of the Department and the Dean of Graduate Studies;

(5) not be employed outside the university except by permission of his or her supervisor;

(6) not be regularly employed, save in most exceptional circumstances, on other work or by the university for more than an average of ten hours per week for any term during which he or she is registered as a full time graduate student. If the student is employed as a teaching fellow or demonstrator, the ten hours per week should represent the total time spent by the student in connection with the appointment - including preparation, marking examinations etc.

(7) As well as meeting the requirements for full time status listed above, a student reported as belonging to the special category known as "summer school graduate students", must have been enrolled in a graduate full time summer program of not less than six week´s duration. The full time equivalents of summer school graduate students are arrived at by multiplying student numbers by a conversion factor of .50

(8) If reported as a full time summer school graduate in the enrolment for a term report, a student could not also, for that term be reported as a part time student. The general rule, is that no student can be counted in more than one basic category (full time, part time or summer school) in any one term.

4.4.3. Part time graduate student

All active graduate students other than full time graduate students as defined above are part time graduate students.

4.4.4. The counting of graduate students

Graduate enrolment is counted on a trimester basis as for undergraduates. Enrolment for two semesters is required for the completion of a "year" for students in Category 5 (weight 2), while three semesters would be required for each full "year" in Categories 6 (weight 3), 7 (weight 4) and 8 (weight 6). Accordingly, students in Category 5 and Category 6 will earn a weight of one for each semester of attendance, while Category 7 and 8 students will earn, per semester, weights of 1.333 and 2.000 respectively. The requirements for graduate student status are detailed in sections 4.3.1 - 4.3.3. Minimum and maximum limits apply to the number of BIUs which a graduate student can generate for a university. See section 4.6 for details. Part time graduate students should be reported on a trimester basis, calculating the FTE which each student can generate at 0.3 per student. Graduate summer school students are considered as being full time for one half a semester, and therefore count for 0.5 FTE each. (See also Section 3.2.1).

4.5. Imputing procedure for undifferentiated first year

Where a university employs an undifferentiated program, it is usually impossible to determine first year enrolments which would carry a weight in excess of 1.0 for first year, as first year students are not differentiated until they pass into their second year. In these circumstances, for purposes of calculating the BIU counts which would be generated by these students, enrolments in such programs shall be imputed as follows:

For each program carrying a weight in excess of 1.0 for first year:

4.5.1. Determine for year A, the ratio of second-year enrolment in that program to total second year enrolment.

4.5.2. Calculate provisional first year enrolment in that program by applying this ratio to total first year enrolment.

4.5.3. A year later, on the basis of programs actually taken by the former first year students now in second year, redetermine the ratio.

4.5.4. Apply the amended ratio to year A's total first year enrolment. The result, for BIU count purposes, will be the final first year enrolment in that program for year A.

4.5.5. An imputing adjustment in year B will be reported for the difference between provisional and final first year enrolment in that program in year A.

The above procedure can be extended to the second year of programs whose students are not identifiable as being enrolled in them until the third year. Ministry approval is required to claim imputed BIUs for funding. Such BIUs will be treated as normal BIUs for the purpose of financing.

4.6. Minima-maxima provisions

The purpose of the minima/maxima provisions is to ensure that the total of funding units claimed for a graduate student fall within a defined range independent of the actual number of years required by the individual student to complete his or her program of study. These ranges are as follows:

FORPOS Category	Minima	Maxima
Category 6 (weight 3.0)	3 BIUs	6 BIUs
Category 7 (weight 4.0)	4 BIUs	8 BIUs
Category 8 (weight 6.0)[21]	21 BIUs	27 BIUs

The minima/maxima provisions were intended to apply only to programs involving a dissertation and ordinarily extending beyond a single academic session. It was for this reason that enrolment in Category 5 programs and in graduate diploma courses are excluded from the minima/maxima provisions. Theology programs are considered to fall within Category 5 for purposes of the minima/maxima provisions, notwithstanding their weight of 0.5 per term.

4.6.1. Effective dates

The limits shown above came into effect commencing with the 1968-69 academic session, which was the first year for accumulating units to be counted against individual students (1971-72 for students in Education programs). The minima entitlement provisions apply only to students whose graduate studies began in 1968-69 or later (1971-72 in the case of students in education programs).

4.6.2. Minima provisions

If, upon graduation, the total units claimed for a student fall short of the indicated minimum for his or her program, the shortfall may then be claimed as a minimum adjustment. Since it is not possible to predict on given reporting dates whether particular students will in fact be graduating at the conclusion of the semester being reported on, claims for students under the minimum provision should be made after they graduate.

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[21] Calculation of claims under these provisions must take into account all units claimed for students while they were in Category 6 or 7 programs.

4.6.3. **Maxima provisions**

Students who are still in attendance and who have reached their maximum limit in total BIUs should be reported as ineligible for financial support purposes, and no further BIUs may be claimed on their behalf.

4.6.4. **Transfer of entitlement**

4.6.4.1. Students transferring into the Ontario system with advanced graduate standing shall have the number of BIUs ordinarily associated with the obtaining of such standing, attributed to them.

4.6.4.2. A graduate student transferring from one university to another within the Ontario system shall transfer only the remainder of his or her maximum total units.

4.6.4.3. Graduate students who transfer to graduate programs other than those originally embarked upon, and on which units were earned will be dealt with as follows:

(a) Where advanced standing was granted the units ordinarily associated with the obtaining of such standing should be attributed to the student.

(b) Where no advanced standing was granted no units previously claimed for the student need be carried forward.

4.6.4.4. Graduate students in programs approved for funding since the graduate program approvals "freeze" ended in 1979-80, and for which 1979-80, but not prior, enrolment could be reported as eligible, shall have attributed to them the number of BIUs normally associated with their work in these programs to date even though part of it may have been completed before 1979-80 began.

4.6.5. **Claiming (or Deducting) of BIUs under Minima/Maxima Provisions**

The report of BIUs claimed or deducted under these provisions should be submitted on the prescribed form along with the enrolment submissions. Claims under the minima provisions should be made on the form submitted immediately following the graduation of the student for whom entitlement is being claimed.

Students partially exceeding the maximum in the term being reported should be shown on the enrolment submission so as to generate the full BIU count in that term and then the appropriate reduction to attain the maximum should be shown on the minima/maxima form; formula fees will be deducted for all such students. Students who are still in attendance and who have entirely exceeded their maximum limit should be reported as ineligible for grant purposes. Students for whom no units are claimed will not have formula fees charged against them.

5. SPECIAL PROVISIONS

5.1. Tuition Fees

Standard ("formula") tuition fees are taken into account in the calculation of the operating grant entitlements for each institution. In setting its own support levels the government has to consider the basic operating income of the institutions, of which fees are a part. Regular tuition fee and ancillary fee levels are also an aspect of accessibility policy, which is an important concern of government.

5.1.1. Regular tuition fees

5.1.1.1. Through their acts of incorporation, Ontario universities have full legal authority to establish their own fee levels. While these need not be, and in many instances, have not been, identical with the standard fees used in the calculation of operating grant entitlements, the universities have co-operated with the government by keeping actual fees fairly close to the standard fee rates.

5.1.1.2. The government introduced a provision in 1980-81 allowing institutions to set tuition fee rates of up to 110% of the standard tuition fee rates without reduction in operating grants. This provision was amended for 1987-88, as a result of changes in policy governing ancillary fee structures, providing for tuition fee rates of up to 113% of the standard fee rates without reduction in operating grants. The revenue accruing from the discretionary portion of the fees is not part of the basic operating income and thus may be applied to any category of expenditure.

5.1.1.3. Whether or not universities levy tuition fees in accordance with the rates shown in Appendix 5.1.1 of this manual (also shown in Appendix 1.6.0 of the Essential Notes and Instructions for enrolment reporting), the ministry will deem fees to have been levied at the standard rates for the purpose of calculating grant entitlements.

5.1.1.4. During the early years of "formula" funding of Ontario universities, some special provisions applied to graduate students. A tuition fee exemption was allowed to full time graduate students in respect of the third of three terms consecutively attended. This exemption was discontinued effective September 1, 1972. Further, permission to use government grants and fees to offset the third term fee was discontinued effective September 1, 1975.

The standard fee is now deducted for each term of attendance for all graduate students, including the full time equivalents of part-time students.

5.1.2. Tuition-Related Compulsory Ancillary Fees

5.1.2.1. A compulsory ancillary fee is defined as a fee imposed or administered by a given institution or one of its constituent parts, or its federated or affiliated institutions in addition to regular tuition fees, which a student is required to pay in order to enroll in, or successfully complete, any credit course.

5.1.2.2. Compulsory courses are defined by the ministry as those courses which a student is required to take in order to fulfill the requirements of his or her program or degree. This definition is of specific concern only with respect to field trip fees (see Appendix 5.1.2).

5.1.2.3. Effective May 1, 1987, all tuition-related compulsory ancillary fees were prohibited. Any revenue resulting from such fees will now be considered to be tuition fee revenue. A list of "Allowable Non-Tuition-Related Compulsory Ancillary Fees" is included in Appendix 5.1.2.

5.1.2.4. In future all compulsory ancillary fees levied by a university or related institution must:

(1) be approved by the governing body;

(2) fall within one of the definitions of allowable non-tuition-related compulsory ancillary fees listed in Appendix 5.1.2;

(3) be announced prior to collection through the institution's calendar and/or published fee schedule (The fee schedule must provide a breakdown of all compulsory ancillary fees at least at the level of detail shown in Appendix 5.1.2); and,

(4) be reported annually to the Ministry of Colleges and Universities. This reporting should be as follows:

(a) six months after the conclusion of each fiscal year the institution is asked to file with the ministry a certification of the compulsory ancillary fees charged to students (certification shown in Appendix 5.1.2.2); and,

(b) 12 months after the conclusion of each fiscal year, the external auditors of the university are required to provide a report to the Deputy Minister, Colleges and Universities, on the university certification with respect to the amount and classification of all compulsory ancillary fees charged.

5.1.2.5. OCUA Advisory Memorandum 88-II, "Co-operative Education Work-Term Related or Placement fees", pointed out that there are additional costs associated with evaluating student work-term activity. The Minister recognized these additional costs but noted in the April 29, 1988 responses to OCUA that such costs were, in fact, tuition-related.

On April 29, 1988 the Minister stated that those institutions which could substantiate to the ministry additional costs associated with work-term evaluation, in accordance with the methodology proposed in OCUA Advisory Memorandum 88-II, were permitted an interim discretionary tuition fee increase to recover these costs from their co-operative education students (see Appendix 5.1.2). This interim discretionary tuition fee increase is permitted until such time as a response is made to council's forthcoming advice on the overall costs of operating co-operative educational programs.

5.1.3. International Student fee differentials and exemptions

Differential fees for international students were first instituted in 1977. Effective September 1982, differential fee rates were substantially increased. Grandfathering provisions have applied to each change in rates. Non-exempt students pay a standard fee comprised of the regular fee and an additional fee. Appendix 5.1.3. contains the current fee rates. The differential fee applies to all students except those exempted as detailed below.

To be exempt from the differential standard fees, a person must fall within one of the following categories:

5.1.3.1. A citizen of Canada within the meaning of the Citizenship Act or a person registered as an Indian within the meaning of the Indian Act.

5.1.3.2. A permanent resident within the meaning of the Immigration Act, 1976:

(a) a person who has been granted permanent resident status; or

(b) a person who has met "all the preliminary requirements" for permanent residency status, and presents a letter from the Canada Employment and Immigration Commission confirming this. Such letters must be dated prior to the enrolment count date and presented prior to the enrolment report due date. Only letters from Immigration officers with the following wording will be acceptable:

> "TO WHOM IT MAY CONCERN
>
> This will verify that .... has submitted a request for a visa exemption which has been forwarded to the Governor-in-Council. Providing the applicant meets all necessary Immigration requirements, he/she will be landed when approval from the Governor-in-Council is obtained."

On March 15, 1983, dependents of permanent residents were made exempt from international student fees retroactive to September 1, 1982. This amendment was withdrawn with the issuance, in January 1984, of the November 1983 edition of the Formula Manual, in which the section dealing with visa students was extensively revised. Any student who had been granted exemption before January 1984, as a dependent of a permanent resident, continued to be exempt until the completion of his or her program or May 1, 1986 whichever occurred earlier. The exemption for dependents of Canadian citizens or permanent residents has been re-introduced, effective September 1, 1987.

5.1.3.3. A visitor admitted to and remaining in Canada under clause 10(c) of the Immigration Act, 1976, who has entered Canada, or is in Canada, to carry out his official duties as a diplomatic or consular officer; or as a representative or official properly accredited of a country other than Canada, or of the United Nations or any of its agencies, or of any intergovernmental organizations in which Canada participates; or as a dependent or a member of the staff of any such diplomat, consular officer, representative or official; or a member of a foreign military force or of a civilian component thereof admitted to Canada under the Visiting Forces Act, and any dependents of such personnel.

Note: See Section 1.0.8 for definition of dependent.

5.1.3.4. A dependent of a visitor who is admitted to and remaining in Canada under clause 10(c) of the Immigration Act, 1976, for the purpose of engaging in employment.

5.1.3.5. A person admitted to and remaining in Canada who is officially recognized by the Employment and Immigration Commission of Canada as a Convention refugee within the meaning of the Immigration Act, 1976.

5.1.3.6. A person admitted to and remaining in Canada under clause 10(a) or 10(b) of the Immigration Act, 1976, who is sponsored and financially assisted by one of the following:

- the Canadian International Development Agency;
- the International Development Research Centre;
- the World Bank;
- any program of financial assistance to students under an aid program of the United Nations or its agencies, provided such a program is recognized and directly or indirectly assisted by the Government of Canada. Qualifying programs include: Commonwealth Scholarships and Fellowships, NRC Associateships, CIDA bilateral traineeships, and any sponsoring programs of the Food and Agricultural Organization, the International

Atomic Energy Agency, and the World Health Organization.

5.1.3.7. A person admitted to and remaining in Canada under clause 10(a) or 10(b) of the Immigration Act, 1976, who is sponsored by a foundation:

- which is a recognized international charitable foundation; and
- which is registered as a charitable organization either in Canada or another industrialized country; and
- whose particular aid program is international in scope and aimed at low-income developing countries; and
- which provides full support to the student including travel, living expenses, tuition fees, etc.; and
- where prior approval of the Minister has been secured.

5.1.3.8. A person admitted to and remaining in Canada under clause 10(a) or 10(b) of the Immigration Act, 1976, who is studying in Canada under a cultural exchange agreement between the Government of Canada and the government of another country, provided that under such an agreement, the number of places made available in Ontario universities, Ryerson or the Ontario College of Art normally equals the number of places made available to Ontario residents in the other country.

5.1.3.9. A person admitted to and remaining in Canada under clause 10(a) or 10(b) of the Immigration Act, 1976, who is studying in Canada under an exchange agreement between an institution in Ontario and an institution of another country, provided that under such an agreement the number of Ontario students going abroad equals or exceeds the number of students from the other country studying in Ontario, and provided that under the agreement all students are registered for complete graduate degree programs, and provided that Ontario students are accorded similar exempt status in the other country.

5.1.3.10. A person admitted to and remaining in Canada under clause 10(a) or 10(b) of the Immigration Act, 1976, who is a holder of an Ontario Graduate Scholarship or, effective September 1985, the

Ontario Attorney General's Graduate Fellowship in Law.

5.1.3.11. A person who is a participant in the Ontario-Jiangsu Academic Exchange Agreement between the Ontario ministry of Colleges and Universities and the Higher Education Bureau of Jiangsu Province, China.

On September 1, 1987, the following exemptions came into effect:

5.1.3.12. International students who are the dependents of Canadian citizens or permanent residents of Canada. The dependent status must be fully documented, and must have been established a minimum of three years prior to the student's application for exemption.

5.1.3.13. Visitors, and their dependents, (other than graduate teaching and research assistants) who are admitted to, and remain in Canada, (under clause 10(c) of the Immigration Act, 1976), for the purpose of employment.

5.1.3.14. Holders of Ontario Graduate Scholarships, who subsequently lose their scholarships, but who maintain the minimum acceptable grade level for Ontario Graduate Scholarship eligibility (i.e., B+), until completion of the program for which they had originally been granted the scholarships.

5.1.3.15. Students sponsored and financially assisted by the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the African Development Bank. These exemptions are in addition to the existing exemptions for students sponsored and assisted by the World Bank, The Canadian International Development Agency, the International Development Research Centre, and by various aid programs of the United Nations and its agencies. In addition, the dependents of the students sponsored by the organizations noted above are exempt from the payment of differential fees.

5.1.3.16. Holders of Canadian Medical Research Fellowships.

5.1.3.17. A graduate student selected by his/her university to be exempted from the payment of the differential fee pursuant to the initiative aimed at attracting high-quality international graduate level students, as announced in the budget address of May 20, 1987.

The waivers of which there are 1000 in 1988-89, are available only to full-time international students studying at the graduate level. Each waiver will cover two or three terms, over the period from September 1 to August 31.

The ministry′s contribution to the cost of each waiver, at the rate of $5,225 per student in 1988-89, will be made paid as a lump sum, as a grant under the special purpose grants envelope, upon receipt of the appropriate documentation from the institution. The remaining cost associated with each waiver will be the responsibility of the institutions.

The waivers will be awarded, to the institutions, on an annual basis. Each institution will be given a fixed number of waivers to allocate, according to a pro-rata distribution, based on a three-year average of full-time graduate enrolment, subject to a minimum of not less than three waivers for any of the provincially-assisted universities. Dominicain College will qualify for one waiver.

Institutions are asked to supply, by November 30 of each year, a list of international students to whom the annual waivers have been awarded. Payments to the institutions will be based on these lists, with confirmation to be provided by the Fall and Winter reports on the USIS-UAR enrolment reporting system. The lists are to be sent to the attention of the Director, University Relations Branch.

In the event that institutions do not appropriately document the granting of their allotted number of exemptions, negative adjustments will be made to the current or the following year′s operating grant payments.

Students holding international student fee waivers must be coded appropriately on the enrolment submissions to the USIS-UAR system, both to ensure that payments are verified and to permit the system to exclude these students from the assessment of international student fee differentials which would otherwise be made against the university.

5.1.3.18. Effective September 1, 1988 recipients of the Graduate Student Award in Canadian Studies, awarded by the Department of External Affairs, are exempt from the payment of the differential fee.

5.1.3.19. "Grandfathered" Students

The grandfather period for undergraduate students terminated on May 1, 1986. The grandfather period for all doctoral students who, by September 1, 1982, had successfully completed one full term or its full-time equivalent at the doctoral level at the same university and in the same program was initially extended to May 1, 1988. It has now been extended to May 1, 1990. Students who began a doctoral program not more than one term after the completion of a master´s program, in the same discipline at the same university, also qualify for the extension of the grandfather period to May 1, 1990.

(1) The "in-program" standard fee level, with annual increases at the same rate as exempt student fee rates, will apply to graduate students who are eligible under this section until they have completed their current programs or until May 1, 1990, whichever occurs earlier.

(2) Until the earlier of theses dates, a non-exempt graduate student will be considered "in-program" if by September 1, 1982, he/she had successfully completed in his/her program at an institution, at least one full term or its full-time equivalent as a student in that program.

5.2. Exchange Programs and Study Abroad Courses and Programs

5.2.1. Policy prior to 1981-82

Before 1981-82 students enrolled at Ontario universities but studying abroad were not eligible to be claimed for formula support unless:

(a) Their universities in Ontario incurred costs on their account similar to those that would be incurred were the students attending in Ontario, and

(b) ministry approval had been obtained for reporting them as eligible to generate grant.

5.2.2. Policy for 1981-82 and subsequent years

Since 1981-82, the ministry´s policy on exchange programs and study abroad courses and programs has been as outlined below:

5.2.2.1. Operating support is intended only for:

(1) Ontario university students registered in Ontario institutions (with one exception explained in 5.2.2.3. below).

(2) enrolment in those credit courses offered abroad (excluding any offered as part of a holiday package of activities):

- (a) recognized as integral parts of specific degree programs at the Ontario institution,and
- (b) where effectiveness would be seriously impaired if taught at the Ontario institution instead of abroad, and
- (c) where duration in contact hours is not less than comparable courses or programs offered at the Ontario institution during the same session.

5.2.2.2. Subject to the above proviso, a student abroad may be claimed for formula support if he is registered in an Ontario institution and enrolled for credit in a degree program described in its official calendar, and is either:

(1) an exchange student studying abroad under the terms of a formal exchange agreement, or

(2) a student not part of an exchange program who has

- (a) been assessed the regular academic fee for the course or program he is taking;
- (b) received instruction paid for by the Ontario institution, regardless of whether the course or program is
  - i) offered by the institution's own faculty, or
  - ii) provided by faculty hired by the Ontario institution, or
  - iii) purchased from a university abroad attended by the student and leading to academic credit,

and where the direct cost (including only items on which provincial operating grants and fees can normally be spent) is similar to that which would be incurred if the student were receiving instruction at the home institution.

5.2.2.3. A foreign student studying in Ontario under the terms of a formal exchange agreement referred to in section 5.2.2.2. above may not be claimed as eligible to generate operating support.

5.2.2.4. The one exception to this is a foreign student studying in Ontario under the type of inter-institution exchange described in section 5.1.3.9. In this case, all participants in the exchange are registered in complete graduate degree programs. Foreign participants in such an exchange may be claimed for operating support by the Ontario institution they are attending if the participants from Ontario are registered at the institution in the other country, and are not registered at, or claimed for support by, the Ontario institution.

5.2.2.5. Summary information on all study abroad courses and programs claimed for operating grants, and all the necessary supporting data should be submitted annually by the responsible deans to the institution's registrar, who should see that they are cross-referenced to individual student records and kept on file to be made available to university auditors during the course of their audits of enrolment. See Appendix 4. for audit guidelines.

5.3. Students Enrolled at Unrelated Institutions

5.3.1. Cooperative programs:

Wherever a student registered in a program at one institution receives some instruction in that program from another unrelated institution the following rules apply:

5.3.1.1. No matter where the student is taught, BIUs may only be claimed by the student's home university. (i.e., the university where the student is registered). Fees will be deducted from the university claiming the Basic Income Units.

5.3.1.2. The arrangement made for payment between the home and host universities should not be reflected in the enrolment reports. Such matters are internal to the institutions involved.

5.3.2. Letter of Permission

When a student receives a formal letter of permission to register in a course or courses at another unrelated institution, each institution may only claim BIUs for those courses for which the student is actually registered at that institution.

5.3.3. Visiting Graduate Students

When a graduate student is registered in a program at one institution and receives some instruction in that program at another unrelated institution, BIUs may be claimed only by the student's home university, i.e., the university where the student is actually registered. The arrangement made for payment between home and host universities should not be reflected in the enrolment reports, as it is a matter internal to the institutions involved.

APPENDICES

NOTE: To facilitate referencing, appendices are numbered to correspond with the section in which they are first referenced. The appendices appear in numerical order, but that order is not necessarily consecutive.

APPENDIX 1.1

SUMMARY OF MAJOR CHANGES IN THE FORMULA 1967-68 to 1986-87

GRANTS FOR FISCAL YEAR	BIU VALUE	FORMULA WEIGHT CHANGES	COMMENTS
1967-68	$1,320		
1968-69	$1,450 + $24 computer grant		
1969-70	$1,530 + $26 computer	(i) undergraduate medicine 3.0 to 5.0 (ii) undergraduate dentistry 3.0 to 5.0 (iii) undergraduate veterinary medicine 3.0 to 5.0 (iv) interns and residents 1.5 to 2.5 (v) thesis only category (wt. 1.0) discontinued. Students to be claimed either as full or part time.	(i) definition of graduate students for category 5 requires only general not honours degree plus other new conditions. (ii) FTE of part-time graduates including graduate summer school changed from a division of course registrations by 5 to a multiplication of part-time numbers by 0.30 reported and weighted on a trimester basis.
1970-71	$1,650 (computer grant incorporated in BIU value)	(i) optometry from 2.0 to 3.0	(i) Graduate summer school conversion factor changed from 0.30 to 0.50
1971-72	$1,730		(i) 10 month fiscal year (ii) Graduate formula fee increased from $133 per term to $242.50 per term; free third term introduced.
1972-73	$1,765		(i) Conversion factor for part-time undergraduates changed from course registrations divided by 6.0 to division by 5.5 for institutions with integrated full and part-time programs. (ii) $100 increase in formula fee for two terms. (iii) free third term ended; graduate bursary introduced.
1973-74	$1,825		(i) Slip year introduced. (ii) Part-time undergraduate conversion factor to 5.0

GRANTS FOR FISCAL YEAR	BIU VALUE	FORMULA WEIGHT CHANGES	COMMENTS
1974-75	$1,955	(i) Upper years undergraduate social work from 1.0 to 1.5 (ii) Masters social work 3.0 to 4.0 (iii) Forestry technology 1.0 to 1.2 (iv) Engineering technology 1.0 to 1.2	
1975-76	$2,111	(i) Ryerson weight established at 1.30	(i) Graduate bursary terminated.
1976-77	$2,312 undergraduate $2,255 graduate	(i) Ontario College of Art weight established at 1.30	(i) Undergraduate enrolment based on 1/3 1974-75 and 2/3 1975-76; graduate based on 1975-76 actual with 3 year freeze. (ii) Foreign student fee of $750 per term based on current enrolment. (iii) Fractional unit counting introduced. (iv) Three term undergraduate reporting.
1977-78	$2,542 undergraduate $2,478 graduate		(i) Undergraduate enrolment based on 1/3 1974-75, 1/3 1975-76 and 1/3 1976-77. (ii) $100 increase in formula fee for two terms except for foreign students.
1978-79	$2,678 undergraduate $2,611 graduate		(i) Undergraduate count based on Undergraduate Funding Base plus 1/2 (Moving Average less U.F.B.).
1979-80	$2,833 undergraduate $2,762 graduate		(i) Graduate Funding Base (average of 1974-75, 1975-76, and 1976-77) plus for Masters 1/2 (Moving Average - GFB) and for Doctoral 1/3 (Moving Average - GFB). (ii) Formula fee increased by 5% overall.
1980-81	$3,061 undergraduate $2,985 graduate	(i) Ryerson Moving Average weight changed from 1.30 to 1.38	(i) Formula fee increased by 7.5% overall. (ii) Limit of 10% above formula fee set for actual tuition fees; charges above 10% to result in formula grant reductions.

GRANTS FOR FISCAL YEAR	BIU VALUE	FORMULA WEIGHT CHANGES	COMMENTS
1981-82	$3,368 undergraduate $3,284 graduate	(i) Changes to Ryerson's institutional weights as follows: Funding base from 1.3 to 1.34 Moving average from 1.38 to 1.36	(i) New policy introduced on exchanges and study abroad. (ii) Freeze introduced on new undergraduate programs. (iii) Formula fee increased by 10% overall.
1982-83	$3,749 undergraduate $3,656 graduate		(i) Freeze is lifted and new program approval policy is introduced re new undergraduate programs. (ii) Extraordinary formula fee increases for "new registrant" foreign students to $1,350 and $2,200 per term, for Type A and Type B programs respectively. Effective September 1, 1982 (iii) All other formula fees increased by 12.2%.
1983-84	$3,962 undergraduate $3,864 graduate		(i) Second and final stage of extraordinary formula fee increases for "new registrant" foreign students. New rates: $1,890 and $3,080 per term for Type A and Type B undergraduate programs respectively, $2,310 for graduate programs. (ii) All other formula fee rates increased by 5% overall.
1984-85	1983-84 (Old) Formula: $4,128 undergraduate $4,026 graduate New Formula: $3,124 for Base $977 Moving Average		(i) Combination of 2 formulas used: 2/3 grant calculated with 1983-84 formula and 1/3 grant calculated with new formula. (ii) Special provision to ensure that no institution's formula grant increases by less than 5% over 1983-84 level. (iii) All formula fee rates increased by 5%.
1985-86	Old Formula: $4,162 undergraduate $4,059 graduate New Formula: $3,187 Base $975 Moving Average		(i) All formula fee rates increased by 5%. (ii) Combination of two formulas used again: 2/3 grant calculated using "old" formula, 1/3 grant calculated using "new" formula.
1986-87	Old Formula: $4,309 undergraduate $4,203 graduate New Formula: $3,312 Base $1,006 Moving Average		(i) All formula fee rates increased by 4%. (ii) Special provisions to ensure that no institution's formula and extra formula grant total increased by less than 3.5% over 1985-86.

APPENDIX 1.2.3.1

NORTHERN GRANTS[22]

Year	Lakehead	Laurentian	Algoma	Hearst	Nipissing	Total
1975-76	550,000	550,000	90,000	30,000	60,000	1,280,000
1976-77	1,075,000	1,085,000	150,000	90,000	141,000	2,541,000
1977-78	1,257,000	1,223,000	158,000	92,000	187,000	2,917,000
1978-79	1,380,000	1,356,000	166,000	97,000	214,000	3,213,000
1979-80	1,484,000	1,434,000	167,000	93,000	238,000	3,416,000
1980-81	1,572,000	1,508,000	170,000	96,000	245,000	3,591,000
1981-82	1,668,000	1,618,000	170,000	98,000	250,000	3,804,000
1982-83	1,805,000	1,772,000	177,000	102,000	274,000	4,130,000
1983-84	2,027,000	2,018,000	185,000	102,000	340,000	4,672,000
1984-85	2,233,000	2,247,000	191,000	101,000	404,000	5,176,000
1985-86	2,423,000	2,480,000	210,000	110,000	453,000	5,676,000
1986-87	2,598,000	2,671,000	226,000	115,000	478,000	6,088,000
1987-88	2,721,000	2,826,000	237,000	120,000	485,000	6,389,000
1988-89	2,883,000	3,001,000	241,000	117,000	518,000	6,760,000

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[22] Special allocation of $3,000,000 was added in 1987-88, and again in 1988-89, to the grants shown here, distributed in the same proportion.

APPENDIX 1.2.3.3

BILINGUALISM GRANTS

Year	Ottawa	Laurentian	York	Hearst	Sudbury	St. Paul	Total
1967-68	1,080,000	155,000					1,235,000
1968-69	1,390,083	219,880					1,609,963
1969-70	1,575,323	278,653					1,853,976
1970-71	1,500,000	390,000					1,890,000
1971-72	1,500,000	450,000	100,000	18,000			2,068,000
1972-73	1,500,000	540,000	100,000	20,000			2,160,000
1973-74	2,100,000	540,000	128,000	13,600	10,700	19,300	2,598,600
1974-75	2,100,000	540,000	128,000	15,000	12,000	23,000	2,818,000
1975-76	2,310,000	600,000	140,000	20,000	25,000	25,000	3,120,000
1976-77	2,888,000	690,000	161,000	23,000	29,000	58,000	3,849,000
1977-78	3,172,000	758,000	177,000	25,000	32,000	64,000	4,228,000
1978-79	3,345,000	813,000	146,000	34,000	25,000	114,000	4,477,000
1979-80	4,657,000	1,142,000	176,000	52,000	27,000	192,000	6,246,000
1980-81	4,988,000	1,228,000	173,000	59,000	26,000	223,000	6,697,000
1981-82	5,486,000	1,356,000	173,000	68,000	25,000	264,000	7,372,000
1982-83	6,155,000	1,521,000	194,000	76,000	28,000	296,000	8,270,000
1983-84	6,885,000	1,702,000	217,000	85,000	31,000	331,000	9,251,000
1984-85	9,904,000	2,015,000	832,000	106,000	129,000	828,000	13,814,000
1985-86	10,399,000	2,116,000	874,000	111,000	135,000	869,000	14,504,000
1986-87	10,815,000	2,201,000	909,000	115,000	140,000	904,000	15,084,000
1987-88	11,248,000	2,289,000	945,000	120,000	146,000	940,000	15,688,000
1988-89	11,754,000	2,392,000	988,000	125,000	153,000	982,000	16,394,000

APPENDIX 1.2.3.4

DIFFERENTIATION GRANTS

Year	Trent
1981-82	1,400,000
1982-83	1,400,000
1983-84	1,500,000
1984-85	1,500,000
1985-86	1,500,000
1986-87	1,500,000
1987-88	1,500,000
1988-89	1,500,000

APPENDIX 1.2.5

PROGRAM ADJUSTMENT ENVELOPE 1988-89
Minister´s Designated Priorities

On June 21, 1988, the Minister of Colleges and Universities advised the Ontario Council on University Affairs of the critical needs that have been identified as requiring new program support from the 1988-89 program adjustment envelope.

Two principal priorities should guide the review of proposals which seek new or expanded program support in 1988-89:

- Expansion or development of teaching programs to meet the needs of the Ontario health-care system, social service system, and public education system (specific examples would include: expansion of programs in rehabilitation sciences and teacher education);

- Expansion or development of scientific or technical teaching programs to meet the requirements for Ontario´s economic development (an example would include expansion of graduate engineering programs).

Two additional, but subordinate, priorities should also inform the review process:

- Expansion or development of:

  (a) teaching programs which encourage co-operative, joint efforts among institutions to enhance the extension of programs to under-serviced regions or populations in the province; and

  (b) innovative modes of delivery of programs in areas of critical need, such as part-time delivery of professional programs that traditionally have been offered only on a full-time basis;

- Reduction or contraction of enrolment in programs in response to specific requests of the Government of Ontario, such as the enrolment reduction in postgraduate medicine which has been taking place.

Appendix 1.2.6.2.

ACADEMIC ADVISORY COMMITTEE RECOMMENDATIONS RE: FACULTY RENEWAL PROGRAM YEARS TWO THROUGH FIVE

INSTITUTION	YEAR TWO
Brock	Education Education
Carleton	International Affairs Sociology/Anthropology History
Guelph	Pathology Veterinary Microbiology & Immunology Agricultural Economics
Lakehead	Social Work
Laurentian	Psychology
Algoma	
Hearst	
Nippissing	Social Welfare
McMaster	Mechanical Engineering Medicine - Occupational Therapy/Physical Therapy Computer Science & Systems Psychology
Ottawa	Common Law Nursing English
Queen's	Politics Microbiology Mathematics Physics
Toronto *	Pharmacy (1) Mechanical Engineering (2) Psychology (3) Physics (4) Aerospace (5) Zoology (6) Electrical Engineering (8) Women's Studies/Anthropology (9)
Trent	Environmental & Resource Studies
Waterloo	Electrical Engineering Management Science Applied Mathematics Psychology
Western	Administration & Information Studies Visual Arts Statistical & Actuarial Sciences Computer Science Economics
W.L.U.	Social Work
Windsor	English Nursing
York	Biology - Behavioural Ecology/Neuroscience Earth & Atmospheric Science Business Law - Securities & Taxation Political Science - Constitutional/Public Law
O.C.A.	
O.I.S.E.	
Ryerson	Aerospace Business Office & Administrative Studies

* In order to facilitate identification, positions allocated to the University of Toronto are identified by the title and the number used in the university submission.

INSTITUTION	[illegible]
Brock	Biological Sciences Education
Carleton	Mechanical & Aeronautical Engineering Political Science Economics Physics Computer Science
Guelph	Clinical Studies Population Medicine Agricultural Economics & Business Mollecular Biology & Genetics
Lakehead	Education
Laurentian	Sociology
Algoma	Psychology
Hearst	Interdisciplinary
Nippissing	
McMaster	Computer Science & Systems Mathematics Pediatrics Materials Science & Engineering
Ottawa	Philosophy Chemical Engineering Common Law Nursing Physics
Queen's	English Mathematics Microbiology Physics Biochemistry Economics Business
*Toronto *	Zoology (13) Sociology (14) Law (15) Pharmacy (16) Political Science (17) Commerce (18) Geography (19) Italian & Other Languages (22) Zoology (23) Management Studies/Law (25) Medicine (26) Medicine (30) Medicine (42) English (43)
Trent	Canadian Studies
Waterloo	Mechanical Engineering - Manufacturing Cominatorics & Optimization - Cryptography Computer Science - Artificial Intelligence Accounting - Financial Accounting Geography - Remote Sensing/Digital Analysis Computer Science- Computer Graphics
Western	English Chemistry Economics Psychology Philosophy
W.L.U.	Music
Windsor	Engineering Psychology

... cont.

York	Earth & Atmospheric Science - Synoptic Meteorology
	Theatre
	Atmospheric Chemistry (Analytical)
	Taxation
	Political Science - International Relations
	Art History
	Political Science- Constitutional/Public Law
O.C.A.	
O.I.S.E.	Measurement, Evaluation & Computer Applications
Ryerson	Business & Technical Communications
	Fashion
	Hotel & Tourism

* In order to facilitate identification, positions allocated to the University of Toronto are identified by the title and the number used in the university submission.

INSTITUTION	YEAR FOUR
Brock	Music
Carleton	Chemistry Psychology Systems/Electronic Engineering
Guelph	Population Medicine Pathology Food Science Chemistry & Biochemistry
Lakehead	Nursing Fine Arts (Visual) Psychology
Laurentian	History French
Algoma	
Hearst	
Nippissing	
McMaster	Biology Pathology Business
Ottawa	Translation Physics Music Medicine Criminology Administration
Queen's	Biology History Computing Economics English Electrical Engineering
Toronto *	Botany (24) Chemistry (27) Anthropology (28) Forestry (29) Survey Science (31) Psychology (32) Law/Philosophy (33) Fine Art (35) Psychology (36) Computer Science/Library Science (47) Law/Social Work (52) Medicine (53) History (57) English (50) Mechanical Engineering (61)
Trent	Economics
Waterloo	Computer Science - Computer Communications Mechanical Engineering - New Materials Electrical Engineering - Solid State Electronics Biology - Neuropharmacology Statistics and Actuarial Science
Western	Mathematics French Psychology Economics Geography
W.L.U.	Psychology
Windsor	Chemistry Engineering Physics

... cont.

York	Political Science - International Law Local Government & Planning Accounting Music International Trade/Business Biology - Plant Molecular Gentics Biology - Molecular Genetics Physics - Space Science
O.C.A.	
O.I.S.E.	Applied Psychology
Ryerson	Business Electrical Journalism

* In order to facilitate identification, positions allocated to the University of Toronto are identified by the title and the number used in the university submission.

INSTITUTION	YEAR FIVE
Brock	History
Carleton	Biology Systems/Electronic Engineering Public Administration
Guelph	Veterinary Microbiology & Immunology Pathology Landscape Architecture Zoology Physics
Lakehead	Engineering
Laurentian	Geology
Algoma	
Hearst	
Nippissing	
McMaster	Mathematics English Psychiatry Business Anthropology
Ottawa	Administration Rehabilitation - Occupational Therapy & Physiotherapy English Medicine Chemical Engineering
Queen's	Psychology Computing Mathematics Biology Politics Electrical Engineering
Toronto *	Mechanical Engineering (20) Dentistry (34) Physics (37) Philosophy (39) Classics (40) Civil Engineering/Architecture (41) Middle East/Islamic Studies (44) Botany (45) English (62) Zoology (63) Economics (64)
Trent	Anthropology
Waterloo	Accounting - Audit Statistics and Actuarial Sciences Psychology - Cognitive Science Computer Science - Information Systems Geography - Computer Cartography
Western	History Applied Mathematics Modern Languages English Anthropology Psychology
W.L.U.	Business
Windsor	English Business
York	Psychology - Vision Chemistry - Atmospheric (Modelling) Sociology History Visual Arts

... cont.

O.C.A.	Communications & Design
O.I.S.E.	Sociology in Education
Ryerson	Environmental Health Philosophy

* In order to facilitate identification, positions allocated to the University of Toronto are identified by the title and the number used in the university submission.

APPENDIX 1.2.7

COUNCIL OF ONTARIO UNIVERSITIES
CONSEIL DES UNIVERSITÉS DE L'ONTARIO

130 ST. GEORGE STREET, SUITE 8039
TORONTO, ONTARIO M5S 2T4
(416) 979-2165

1987 05 01

Memorandum

To: Senior Members, Council of Finance Officers - Universities of Ontario

From: Research Associate (Finance)

Subject: UNIVERSITY EXCELLENCE FUND

As you know, the Deputy Minister of Colleges and Universities has indicated to universities that they "require audit certification from... external auditors" for University Excellence Funds. The Ministry has agreed that the "audited expenditure report be submitted at the object of expense level for each of the three Excellence Fund components." (letter of 3 October 1986, from the Deputy Minister of Colleges and Universities).

Please provide your auditors with copies of the attached forms. Once completed, they should be addressed to the Deputy Minister of Colleges and Universities. The complete "audit report should conform to Section 5805 (Special Reports) of the Canadian Institute of Chartered Accountants auditing recommendations including an attestation that the expenditures conform to the approval given to the university".

You will note that the objects of expense shown on the forms correspond to those to be employed by COFO-UO for the Financial Report of Ontario Universities 1986-87. The only exception is the deletion of those COFO-UO expense categories not eligible for UEF support.

For the Library Enhancement and Student Equipment fund, the distribution of expenses by functional area is necessary to permit the calculation of additionality, the amount of expenses which are "additional to those which the universities would normally expend for library reference materials and student equipment."

The Guidelines and Definitions which apply to the COFO-UO report should also be applied to the Report of UEF Expenditures and, most importantly, the financial information reported on UEF expenditures must correspond exactly with the financial information reported to COFO-UO for the Financial Report of Ontario Universities 1986-87. That is, the amounts shown for each object of expense on the attached forms must be included in the same expense objects on Tables 3 and 4 of your report to COFO-UO.

To ensure that no discrepancies arise, please submit a copy of your Report of UEF Expenditures to me as soon as it is available. Thank you for your assistance in this matter.

Best wishes

James A. McAllister

JAM:da
Encl.

c.c. Financial Officers of Algoma, Nipissing, Hearst and Dominicain.

REPORT OF UNIVERSITY EXCELLENCE FUND EXPENDITURES
FACULTY RENEWAL
FOR THE FISCAL YEAR ENDED 30 APRIL 1987
(In Thousands of Dollars)

Institution: ____________

		Faculty Renewal
SOURCE OF REVENUE (Note 1)		
EXPENSES BY OBJECT (Note 2) 1. Salaries & Wages (a) Academic Ranks	+	
(b) Other Instruction & Research	+	
(c) Other Salaries & Wages	+	
Total Salaries & Wages	=	
2. Employee Benefits	+	
Total Salaries & Benefits	=	
3. Library Acquisitions	+	
4. Equipment & Furniture (a) Purchase	+	
(b) Rental	+	
(c) Maintenance	+	
5. Operational Supplies & Expenses	+	
6. Utilities	+	
7. Renovations, Alterations & Repairs	+	
8. Externally Contracted Services	+	
9. Miscellaneous	+	
TOTAL EXPENSES	=	
CARRY FORWARD OF UNSPENT FUNDS	+	
TOTAL (Note 3)	=	

Note 1: This amount should be reported to COFO-UO on the Financial Reporting Form entitled Table 2, Revenue and Additions by Source and Type of Fund, in the Operating column (1) on line 03, Source 1.(a)(iii) Other MCU Grants.

Note 2: These amounts should be reported to COFO-UO on the Financial Reporting Form entitled Table 3, Expenses by Object and Type of Fund, in the Operating fund column (1).

Note 3: The TOTAL of this line must be identical with the Total of the first line, Source of Revenue.

REPORT OF UNIVERSITY EXCELLENCE FUND EXPENDITURES
RESEARCH LEADERSHIP
FOR THE FISCAL YEAR ENDED 30 APRIL 1987
(In Thousands of Dollars)

Institution: ____________________

		Research Leadership
SOURCE OF REVENUE (Note 1)		
EXPENSES BY OBJECT (Note 2) 1. Salaries & Wages (a) Academic Ranks	+	
(b) Other Instruction & Research	+	
(c) Other Salaries & Wages	+	
Total Salaries & Wages	=	
2. Employee Benefits	+	
Total Salaries & Benefits	=	
3. Library Acquisitions	+	
4. Equipment & Furniture (a) Purchase	+	
(b) Rental	+	
(c) Maintenance	+	
5. Operational Supplies & Expenses	+	
6. Utilities	+	
7. Renovations, Alterations & Repairs	+	
8. Externally Contracted Services	+	
9. Miscellaneous	+	
TOTAL EXPENSES	=	
CARRY FORWARD OF UNSPENT FUNDS	+	
TOTAL (Note 3)	=	

Note 1: This amount should be reported to COFO-UO on the Financial Reporting Form entitled Table 2, Revenue and Additions by Source and Type of Fund, in the Operating column (1) on line 03, Source 1.(a)(iii) Other MCU Grants.

Note 2: These amounts should be reported to COFO-UO on the Financial Reporting Form entitled Table 3, Expenses by Object and Type of Fund, in the Operating fund column (1).

Note 3: The TOTAL of this line must be identical with the Total of the first line, Source of Revenue.

Institution: ____________________

REPORT OF UNIVERSITY EXCELLENCE FUND EXPENDITURES
LIBRARY ENHANCEMENT AND STUDENT EQUIPMENT
FOR THE FISCAL YEAR ENDED 30 APRIL 1987
(In Thousands of Dollars)

		Instruction & Research	Library	Central Computing	Student Services	Administration	Physical Plant	Other	TOTAL
		(1) +	(2) +	(3) +	(4) +	(5) +	(6) +	(7) =	(8)
SOURCE OF REVENUE (Note 1)		▨	▨	▨	▨	▨	▨	▨	
EXPENSES BY OBJECT (Note 2) 1. Salaries & Wages (a) Academic Ranks	+		▨	▨	▨	▨	▨	▨	
(b) Other Instruction & Research	+		▨	▨	▨	▨	▨	▨	
(c) Other Salaries & Wages	+								
Total Salaries & Wages	=								
2. Employee Benefits	+								
Total Salaries & Benefits	=								
3. Library Acquisitions	+	▨		▨	▨	▨	▨	▨	
4. Equipment & Furniture (a) Purchase	+								
(b) Rental	+								
(c) Maintenance	+								
5. Operational Supplies & Expenses	+								
6. Utilities	+	▨	▨	▨	▨	▨		▨	
7. Renovations, Alterations & Repairs	+	▨	▨	▨	▨	▨		▨	
8. Externally Contracted Services	+								
9. Miscellaneous	+								
TOTAL EXPENSES	=								
CARRY FORWARD OF UNSPENT FUNDS	+								
TOTAL (Note 3)	=								

Note 1: This amount should be reported to COFO-UO on the Financial Reporting Form entitled Table 2, Revenue and Additions by Source and Type of Fund, in the Operating column (1) on line 03, Source 1.(a)(iii) Other MCU Grants.

Note 2: These amounts should be reported to COFO-UO on the Financial Reporting Forms entitled Table 4, Actual Operating Expenses By Object and Functional Area, and Table 3, Expenses by Object and Type of Fund, in the Operating fund column (1).

Note 3: The TOTAL of this line must be identical with the TOTAL of the first line, Source of Revenue.

Appendix 1.6.0.

OFFICIAL LIST OF DISCIPLINES, OPERATING FORMULA WEIGHTS, OPERATING FORMULA FEES, FOR 1988-1989

1.0 Undergraduate Programs

1. Fees shown are for 1.000 FFTE (normal course load, full-time for two terms).

Additional Fees are calculated by subtracting the Regular Fee from the Total Foreign Fee. As per the Ontario Operating Funds Distribution Manual, the 1988-89 Total Foreign Fee rates for undergraduates are:

Group I (Type A)	$4710
Group II (Type B)	7677

Program Code	Program Name	Operating Formula Weight		Operating Formula Fees ($)		
		Diploma	Degree	Regular	Additional Foreign Fees	
					Dip	Deg
General use codes						
101	Agriculture	1.000	2.000	1249	3461	6428
102	Architecture	1.000	2.000	1355	3355	6322
103	Arts, Gen. & 1st yr. Honours	1.000	1.000	1249	3461	3461
104	Arts, Upper Years Honours	N/A	1.500	1249	N/A	3461
105	Commerce and Business Administration	1.000	1.500	1249	3461	3461
130	Dental Hygiene	2.000	N/A	NOT IN CURRENT USE		
106	Dentistry	N/A	5.000	1588	N/A	6089
131	Diploma Public Health Nursing	2.000	N/A	1249	8171	N/A
139	Education - Consecutive Degree	N/A	2.000	1249	N/A	6428
141	- 4 yr. Concurrent	N/A	1.250	1249	N/A	3461
142	- Consecutive Diploma	(a)	N/A	1249	(b)	N/A
143	- Make up	N/A	1.500	1249	N/A	3461
107	Engineering	1.000	2.000	1355	3355	6322
144	Engineering Technology	1.200	N/A	825	3885	N/A
127	Environmental Studies	N/A	2.000	1249	N/A	3461
108	Fine & Applied Arts	1.000	1.500	1249	3461	3461

Footnote: (a) Weights for FORPOS 142 are:
2.000 at Laurentian, Nipissing, Ottawa, Queen's, Toronto, Windsor and York;
1.000 at Lakehead and O.I.S.E.
(b) Total Additional Foreign Fees for FORPOS 142 are:
$6428 at Laurentian, Nipissing, Ottawa, Queen's, Toronto, Windsor and York;
$3461 at Lakehead and O.I.S.E.

Program Code	Program Name	Operating Formula Weight		Operating Formula Fees ($)		
		Diploma	Degree	Regular	Additional Foreign Fees	
					Dip	Deg
109	Forestry	1.000	2.000	1249	3461	6428
110	Household & Food Science	1.000	2.000	1249	3461	6428
111	Journalism	1.000	1.000	1249	3461	3461
112	Landscape Architecture	2.000	2.000	1355	6322	6322
113	Law	1.000	1.500	1249	3461	3461
114	Library Science	1.000	1.500	1249	3461	3461
134	Medical Interns & Residents	2.500	N/A	...	...	...
115	Medicine	N/A	5.000	1588	N/A	6089
117	Music	2.000	2.000	1249	3461	3461
118	Nursing	1.000	2.000	1249	3461	6428
135	Nursing Technology	1.000	N/A	1064	3646	N/A
137	Optometry	N/A	3.000	1355	N/A	6322
119	Pharmacy	N/A	2.000	1249	N/A	6428
120	Physical & Health Education	1.000	1.500	1249	3461	3461
121	Physio & Occupational Therapy	1.500	1.500	1249	3461	3461
133	Preliminary Year	0.700	N/A	1249	3461	N/A
116	Pre-Medicine	1.000	1.000	1249	3461	3461
122	Secretarial Science	1.000	1.000	1249	3461	3461
123	Science, Gen. & 1st Yr. Honours	1.000	1.000	1249	3461	3461
124	Science, Upper Yrs. Honours	N/A	2.000	1249	N/A	3461
125	Social Work, 1st year	1.000	1.000	1249	3461	3461
145	Social Work, Upper Years	N/A	1.500	1249	N/A	3461
132	Technology Courses	1.000	N/A	825	3885	N/A
129	Theology	1.000	1.000	1064	3646	3646
126	Veterinary Medicine	N/A	5.000	1249	N/A	6428

Institution specific use codes

Program Code	Program Name	Diploma	Degree	Regular	Dip	Deg
150	Administration - Lakehead	N/A	1.000	1248	N/A	3461
159	Art - OCA	1.35	N/A	1135(c)	3575	N/A
128	Arts & Science - Toronto	1.391	1.391	1249	3461	3461
136	Arts & Science - 1st yr. Trent	1.000	1.000	1249	3471	3461
	Combined Arts & Science - McMaster	N/A	1.750	1249	N/A	6428
151	Conversion Program in Engineering, (2 yr. degree portion) - Lakehead	N/A	2.000	1249	N/A	6428
160	Education Yr. 5 - Brock		1.500	NOT IN CURRENT USE		
152	Engineering and Management Yrs. 1, 3 & 5 - McMaster	N/A	2.000	1355	N/A	6322

Footnote: (c) OCUA recommended interim rate for OCA.

Program Code	Program Name	Operating Formula Weight Diploma	 Degree	Operating Formula Fees ($) Regular	Additional Foreign Fees Dip	 Deg
153	Engineering and Management Yrs. 2 & 4 - McMaster	N/A	1.500	1249	N/A	3461
167	Engineering Management Yrs. 4 & 5 - Ottawa	N/A	1.500	1249	N/A	3461
148	Forestry Technology - Lakehead	1.200	N/A	825	3885	N/A
164	General Studies - Guelph	1.000	N/A	1249	3461	N/A
156	Hotel & Food Administration - Guelph	N/A	2.000	1249	N/A	6428
146	Industrial Design - Carleton	N/A	2.000	1355	N/A	6322
158	Law/MBA - York/Western	N/A	1.750	1249	N/A	6428
154	Medicine Yr. 1 - McMaster	N/A	5.000	1588	N/A	6089
155	Medicine Yrs. 2 & 3 - McMaster	N/A	7.500	2384	N/A	5293
149	Physical Education - Lakehead	N/A	1.000	1249	N/A	3461
163	Physical Education & Outdoor Recreation (Hons.) - Lakehead	N/A	1.500	1249	N/A	3461
165	Public Administration - Laurentian	1.500	N/A	1249	3461	N/A
161	Translators & Interpreters Yr. 1 - Laurentian	N/A	1.000	1249	N/A	3461
162	Translators & Interpreters Upper Years - Laurentian	N/A	1.500	1249	N/A	3461
157	Unclassified - Guelph	N/A	1.400	1249	N/A	3461
147	Unspecified undergraduate - York	1.284	1.284	NO LONGER IN USE		
3xx	Ryerson programs	1.42	1.42	1101(d)	3609	3609

Footnote: (d) OCUA recommended interim rate for Ryerson.

2.0 Graduate Programs

1. Operating Formula Fees

A zero formula fee applies to medical interns and residents, and also to the hospital residency year of Dentistry graduate diploma students in Oral Pathology and Oral Surgery who hold residency positions suported by the Ministry of Health.

The regular formula fee for all other full-time graduate students is $627 per term, unless otherwise specified.

Additional Fees are calculated by subtracting the Regular Fee from the Total Foreign Fee.
As per the Ontario Operating Funds Distribution Manual, the 1988-89 Total Foreign Fee rates for graduates are:

In-program (grandfathered)	$1302
Group I (Type A)	2355
Group II (Type B)	2879

Therefore, non-exempt foreign graduate students who qualify as "in-program" according to the regulations set forth in the Ontario Operating Funds Distribution Manual will be assessed $675 per term Additional Foreign Fee.

Non-exempt foreign students who do not qualify as "in-program" will be assessed as Group II ($2252 per term Additional Foreign Fee) unless they are enrolled in Theology which is assessed as Group I ($1728 per term Additional Foreign Fee).

These assessments apply to both diploma and degree programs.

2. Operating Formula Weights (per term)

Program	Weight (per term)
Theology (all levels)	0.500
Graduate Diploma	1.000
Masters & 1st Stage Doctoral	See item 3
2nd Stage Doctoral	2.000

3. Masters & 1st Stage Doctoral Weights (per term)

Program code	Program name	Weight (per term)
241	Agriculture	1.333
242	Architecture	1.333
243	Child Study	1.333
244	Commerce & Business Admin.	1.000
270	Criminology	1.000
245	Dentistry	1.333
273	Education	1.000
246	Engineering	1.333
271	Environmental Studies	1.333
247	Fine & Applied Arts	1.000
248	Forestry	1.333
249	Geography	1.333
250	Hospital Administration	1.000
251	Household & Food Science	1.333
252	Humanities	1.000
253	Hygiene and Public Health	1.333
254	Journalism	1.000
255	Law	1.000
256	Library Science	1.000
257	Mathematics	1.000
258	Medicine	1.333
259	Music	1.333
260	Nursing	1.333
261	Pharmacy	1.333
262	Physical and Health Education	1.000
263	Physical and Biological Sciences	1.333
282	Physical Therapy	1.333
*264	Physio & Occupational Therapy	1.000
275	Physiological Optics	1.333
265	Psychology	1.333
266	Public Administration	1.000
267	Social Work	1.333
268	Social Sciences - other	1.000
272	Theology	0.500
279	Urban and Regional Planning	1.333
269	Veterinary Medicine	1.333

Institution specific:

Program code	Program name	Weight (per term)
276	Art Conservation - Queen's	1.333
278	Child Development - Laurentian	1.333
274	Clinical Behavioral Science - McMaster	1.000
280	Industrial Relations - Queen's	1.000
281	Oral Pathology & Oral Surgery residency year - Toronto & Western	1.000
283	Pastoral Studies - Ottawa	1.000
277	Speech Pathology & Audiology - Western	1.333

FOOTNOTE:* Program 264 is not in current use.

NOTE: 1) The program codes and names used in item 3 apply to all graduate levels.

IV. ENROLMENT AUDIT

The Ministry of Colleges and Universities requires an audit of enrolment data for institutions eligible for support under the Ontario Formula for Operating Grants and under the Program of Support for Church-Related Universities and Colleges. The objective of the audit shall be to render an audit report in the prescribed form.

1. Responsibility of Auditors

Auditors are responsible for providing an opinion on institutions' enrolment reports to the Deputy Minister of Colleges and Universities in keeping with the spirit of Section 5805 of the CICA Handbook - Special Reports, explaining an audit opinion on financial information other than financial statements:

AUDITOR'S REPORT

To the Deputy Minister of Colleges and Universities:

At the request of (name of institution) we have examined the attached enrolment reports totalling (number) basic income units and formula fees of $(amount) for the academic year 19__/__ which have been submitted to us by the Ministry of Colleges and Universities. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the records and procedures by which the above enrolment reports were prepared and such tests of the records of (name of institution) and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the attached enrolment reports present fairly the weighted enrolment and formula fees of (name of institution) for 19__/__ for funding purposes in accordance with instructions issued by the Ministry of Colleges and Universities in the most recent editions of the Ontario Operating Formula Manual, dated (month), 19__/__ and Essential Notes and Reporting Instructions, dated (month), 19__/__ or through correspondence.

City ____________________ (signed)____________________
Auditor

Date ____________________

If the auditor is able to complete the audit report without qualification (because adequate assurance has been obtained from the audit work that the upper limit of errors throughout the enrolment reports does not exceed the materiality limit), it will not be necessary to disclose any known or projected errors to the Ministry; reporting requirements will, in these circumstances, be fully met by the submission of a signed audit report in the prescribed form.

If, on the other hand, based upon the results of the examination, he is not able to complete the prescribed report without qualification(s) then he shall report these findings to the Deputy Minister of Colleges and Universities explaining fully the circumstances involved, and will await further direction as to how to proceed with the examination.

It is recognized that during the course of his examination the auditor may wish to seek clarification or direction in regard to such matters as ambiguities arising from applying the categorization scheme. Clarifications and interpretations of the formula for operating grants are the responsibility of the Ministry. If, therefore, the auditor wishes to consult, or to seek clarification or direction with respect to the examination, it should be done in writing to the Director, University Relations Branch,Ministry of Colleges and Universities.

The auditor of each reporting institution will provide the Deputy Minister of Colleges and Universities with the enrolment audit report by December 31 following the conclusion of the academic year concerned and will provide a copy of all correspondence in this connection to the President (or his equivalent) of the university or college concerned.

2. Responsibility of Institutions

Each university or college must formally advise the firm of public accountants retained by it that an audit of enrolment is a condition for payment of enrolment-related operating grants and that the required examination for this purpose has been authorized. A copy of this letter should be forwarded to the Ministry, where it will serve as authorization for direct communication with the auditors.

3. Responsibility of the Ministry of Colleges and Universities

The Ministry of Colleges and Universities will provide the following to the auditor of each institution:

3.1 A summary of enrolment data received from the institution. (The auditor to confirm with the president and enrolment reporting officer their acceptance of it as a correct summary).

The enrolment data submitted will have been carefully reviewed and their arithmetical accuracy proven. Changes, if any, to the data submitted will have been noted and agreed to by the reporting institution.

3.2 An updated version of the Ontario Operating Formula Manual.

3.3 An updated version of the Essential Notes and Reporting Instructions.

4. Guidance for Auditors

Determination of appropriate procedures and the scope of the audit necessary to support an opinion is a responsibility of the auditor. In making this determination, the procedures he selects will not be limited to, but should include, the following factors traditionally considered essential to any enrolment audit:

4.1 A general review of student records and related procedures to ensure their adequacy for satisfactory completion of the enrolment reports.

4.2 A choice of either statistical sampling or judgemental testing as the audit approach most appropriate in the circumstances.

4.2.1 IV.6 provides guidance with respect to statistical sampling techniques as applied to the audit of enrolment. The Ministry has prescribed a sampling confidence level of 95% and a materiality limit of 2% (with respect to the upper limit of net overstatements). That is, the statistical results yielded by a random sample must be such as to give the auditor at least 95% confidence that the total BIU's reported on the year's enrolment reports are not overstated by a net amount of more than 2%.

4.2.2 If, instead, judgemental testing procedures are used, the auditor should be satisfied that the audit tests of BIU records provide evidence at least equivalent to that required for an unqualified opinion where statistical sampling techniques are used.

4.3 The audit should highlight any areas of ambiguity encountered in applying the formula categorization scheme or the rules for determining eligibility for funding of programs or students and obtain a satisfactory authority reference for the manner in which the institution has dealt with situations not explicitly provided for in the Ontario Operating Formula Manual.

4.4 The audit should include an examination of the reasons for changes between enrolment as reported and as approved by the Ministry of Colleges and Universities. Procedural weaknesses should be noted so that the institution may take appropriate action to prevent their recurrence.

4.5 The audit should satisfactorily reconcile total fees computed, using reported enrolment data and the fee schedule of the institution, with academic fees as reported in the audited financial statements.

4.6 The auditor should obtain, in the prescribed form (see IV.5), a certificate from the institution's registrar, attesting that (except as noted) enrolments in all programs of study offered fall within the formula categories under which they have been included. In addition, this certificate will declare that all enrolment reported is eligible for purposes of determining grant assistance except as noted in the certificate.

4.7 Three areas requiring special audit procedures are:

- Formula units at the graduate level,
- Study Abroad Courses and Programs, and
- Foreign Student Formula Fees.

4.7.1 IV.7, Part I, entitled "Audit Implications" (of the methods and procedures for establishing formula entitlements at the graduate level) lists some possible audit tests applicable to formula units at the graduate level. IV.7, Part II, is a certification of graduate student status and eligibility for formula operating grant support (to be used for "verifying" some of the less auditable criteria).

4.7.2 IV.8 summarizes the information an auditor would need in order to verify the eligibility for formula funding of a student on a study abroad course or program. Institutions are required to keep on file a completed copy of this form, signed by a dean and the registrar (or their equivalents), for every study abroad course or program offered by the institution.

4.7.3 IV.9 outlines the procedures to be used by institutions and their auditors to identify foreign students for purposes of applying the foreign student fee policy and to determine conformity of institutional practice with this policy.

5. REGISTRAR'S CERTIFICATION

Form of Certification in Connection with Audit of Enrolment

UNIVERSITY LETTERHEAD

Registrar's Certification in Connection with Audit of Enrolment

TO: (Name of Auditors)
(Institutions)

(Session)

Dear Sir:

In connection with your examination of the enrolment reports for (session) submitted to the Ministry of Colleges and Universities and the records from which these have been prepared I hereby certify that to the best of my knowledge and belief:

1. That all records have been maintained in a manner consistent with the internal university procedures established for the compilation of enrolment data and that the figures shown on the enrolment reports agree with these records.

2. That there is explicit authority for inclusion of enrolments in all programs of study offered by the university within the formula categories under which they have been reported, except as noted below:

3. That all students ineligible for support under the provisions of the Ontario Formula for Operating Grants have been excluded in determining the operating grant which has been paid.

— The numbers of such students and the programs of study in which they are enrolled are as noted below.

4. That all relevant instructions and provisions applicable to the completion of the enrolment reports and the determination of the operating grants have been correctly followed.

Yours truly,

____

____
Title

To be signed by Registrar (or such other university official as is responsible for completion of MCU Enrolment reports).

6. Statistical Sampling

Extracts from a letter dated October 18, 1972 from Clarkson, Gordon & Co. to Mr. F. J. Kidd, on the subject of the application of statistical sampling techniques to enrolment auditing.

Background

An auditor does not and cannot "certify to the accuracy" of figures in a financial statement (or enrolment report) first because the accounting principles governing its preparation always require judgement in application and secondly because it is usually completely impractical for the auditor to check 100% of the underlying transactions. Instead, the auditor bases his examination on tests guided by analyses of the figures, internal reconciliation of balances, review of internal control, and so on and then reports, if appropriate, that "in his opinion" the financial statement (or enrolment report) "presents fairly" the financial position or other information required (such as the "weighted enrolment").

The words "in his opinion" imply that the auditor cannot provide 100% certainty but rather a reasonable degree of confidence as a result of his audit work. The words "present fairly" imply that the auditor cannot report that the financial statement (or enrolment report) is accurate to the cent but rather that (subject to the reasonable degree of confidence mentioned above) it is not mis-stated by a material amount. Any audit therefore implies a choice of confidence level and materiality limit. Such choices are made implicitly when an auditor employs judgemental testing procedures (he intuitively decides how much he must test to be reasonably sure of detecting a material error if present). When an auditor employs statistical sampling procedures, however, the choice of confidence level and materiality limit (which in turn determine sample size) must be made explicit.

The Ministry has stated that for the purposes of the enrolment audit the university auditor may employ either statistical sampling techniques or judgemental testing procedures. Where the nature of the enrolment records, however, permits the application of statistical sampling techniques most university auditors will wish to consider such application seriously because of the benefits of greater objectivity to be derived therefrom. The following material is intended to indicate a method of applying such techniques.

Prescription of confidence level and materiality limit

The Ministry has prescribed a sampling confidence level of 95% and a materiality limit of 2% (with respect to the upper limit of net overstatements) where the university auditor employs statistical sampling procedures in arriving at an opinion on the reported "weighted enrolment".

There are various different components of a complete enrolment audit: studying the system of internal control, reconciling reported academic fees to reported enrolment, sampling records of 'basic income units' (BIUs) to verify 'weighted enrolment' reflected in the year's enrolment reports, etc. The following material, however, addresses itself exclusively to the statistical sampling of BIU records to verify the year's enrolment reports.

Statistical sampling of BIUs

What is required is a statistical sample of BIU records that will yield 95% sampling confidence that total BIUs reported on the year's enrolment reports have not been overstated by more than 2%[1].

Since the objective of the audit test is to assess the frequency of net overstatements in total reported BIUs, the direction of the audit test must clearly be from the reported BIUs back to underlying enrolment records.

The first question is whether the auditor should select a random sample of students or a random sample of BIUs (in the former case every student would have an equal chance of selection while in the latter case every BIU would have an equal chance of selection). If the former method is chosen the auditor will be able to arrive at a statistical conclusion that X% of the student records may contain BIU overstatements. The auditor will not, however, be able to convert this conclusion into a rigorous statistical conclusion with respect to total BIUs themselves.

If the X% of overstated student records were or might be mostly graduate students, then total BIUs might well be overstated by far more than X% (since each graduate student overstatement might be an overstatement of several BIUs). It is possible that additional judgemental testing (particularly among graduate records) may still permit the auditor in such a case to arrive at a reasonable judgemental conclusion. Nonetheless, it is desirable, where feasible, to obtain a statistical conclusion directly relating to reported BIUs and this can be done by drawing a statistical sample of BIUs.

The first point is, therefore, that it is desirable for the auditor to draw a random sample of BIUs: that is, every BIU among the total reported BIUs should have an equal chance of selection in the audit sample.

Such a procedure will, for example, give somewhat more chance of selection to graduate students than to undergraduates but this is appropriate since, in terms of BIUs, each of the former has a greater potential for overstatement than each of the latter.

Mechanics of drawing a statistical sample of BIUs:

Pure random sampling involves making a new random draw on each selection. A far less cumbersome procedure, however, is to use 'systematic' or 'interval' sampling whereby the auditor selects every nth BIU throughout the population. This requires two things:

(1) that the auditor can identify a set of BIU records (the 'population') that he has added (or will add) and agreed (or will agree) in total to the total BIUs reported on the year's enrolment reports, and

(2) that he can by some method count through this population of BIUs in order to select every nth one.[2]

For example, if the total population amounts to 4,000 BIUs and the auditor has estimated that he will need a sample of 400 BIUs (sample size determination is discussed below) he would want to select every 10th BIU throughout the entire population. The counting through the population to pick every 10th BIU may be able to be done manually (if the BIU records exist on visible accounting reports) or by computer (if the BIU records exist on computer files).

There is a risk that 'interval sampling' may contain a bias (if there is any periodicity or clustering in the pattern of errors throughout the population). For this reason, it is desirable for the auditor to use either 'randomly varying intervals' (the better method) or 'fixed intervals following several random starts'.

With the preferable method of 'randomly varying intervals' the auditor would use a stream of random intervals (obtained either from random number tables or a computer program) averaging to the desired average interval. For example, in the case above, if the auditor wishes 400 selections out of 4,000 BIUs he needs to select at an average interval of 10, but the specific intervals would vary randomly above and below 10 (e.g. he might count along 7 for the 1st selection point, another 15 for the 2nd, and so on). One method of obtaining varying intervals averaging to 10, for example, is to pick random numbers between 1 and 20 (twice the desired average interval), which, if enough are selected, will be bound to average to close to 10.

If, however, the auditor uses fixed intervals, he should take several random starts. One method (still using the above example) is to pick 3 random starts each between 1 and 30 at the very beginning of the population and then fixed intervals of 30 after each of these starts (producing in total about 400 selections). Another method is to pick a random start between 1 and 10 at the beginning of each third (or smaller division) of the population followed by fixed intervals of 10 thereafter throughout that division of the population. These methods are generally considered acceptable but the method of varying intervals described in the previous paragraph is to be preferred.

Evaluation of a Statistical Sample of BIUs:

The evaluation of statistical samples will now be discussed and, following that, the planning of required sample size.

Suppose, temporarily, that a university consisted solely of students having 1 BIU each and that the only errors discovered by the auditor were instances where the student should not have been included at all (i.e. each discovered error represented a 1 BIU overstatement).

Statistical attribute sampling tables for 95% confidence (the confidence level prescribed by the Ministry) indicate the following:

For 95% confidence[3]

Number of errors found in sample	'Upper error limit' factor
0	3.00
1	4.75
2	6.30
3	7.76
4	9.16
.	.
.	.
.	.
.	.
.	.

where:

$$\text{'upper error limit' frequency} = \frac{\text{'upper error limit' factor}}{\text{sample size}}$$

For example,

if 0 errors found in a sample of 100,

$$\text{U.E.L.} = \frac{3.00}{100} = 3.00\%$$

if 1 errors found in a sample of 100,

$$\text{U.E.L.} = \frac{4.75}{100} = 4.75\%$$

if 3 errors found in a sample of 400,

$$\text{U.E.L.} = \frac{7.76}{400} = 1.94\%$$

Evaluation for varying error sizes

In practice, of course, a university does not consist solely of students having 1 BIU each but rather some having 1, some 4, some 2.5, etc. Suppose that, in drawing the statistical sample of BIUs, one particular BIU selected happens to fall within a student enrolment record for 4 BIUs. Of course, the auditor cannot verify merely the 1 BIU selected but rather must verify the whole student enrolment record of 4 BIUs. If this whole student record proves to be correct, then obviously the selected BIU therein must be correct too (and accordingly no sample error should be scored for this item). On the other hand if the whole student record proves to be fictitious, then obviously the selected BIU therein is 100% fictitious too (and accordingly a sample error of one 100% fictitious BIU should be scored). If all selected BIUs turned out to be completely right or completely wrong then the table values above could always be used to project the 'upper error limit' of completely fictitious BIUs throughout the population (and this would represent the 'upper error limit' of overstatement in total reported BIUs).

However, in the above example, the auditor may find that the student enrolment record of 4 BIUs should properly have been recorded as 2 BIUs. In this case, the student enrolment record has been overstated by 50% of its reported value. It is logical then to consider each of the 4 reported BIUs (including the one selected BIU therein) as being "tainted" by a 50% overstatement error. In such a case, then, a sample error of one 50% overstated BIU should be scored.

Tainting percentages under 100%

How is such a 50% overstated BIU discovered as the only error, say, in sample of 100, to be projected? Referring to the previous table a sample of 100 containing 1 error had a UEL of 4.75%. It follows, in a sample of 100 containing no 100% errors and one 50% error, that 100% errors (0 found in sample) have a UEL of 3.00%, while 100% and 50% errors together (1 found in sample) have a UEL of 4.75%. It can be readily shown that the most conservative way of combining these two rigorous statistical conclusions is to attribute a 3.00% possible frequency to 100% errors and the remaining 1.75% possible frequency to 50% errors.

The net UEL would therefore be computed as follows:

Errors found	'Tainting %'	UEL incremental factor		Product	Sample size	Net UEL
0	100% X	3.00	=	3.00		
1st	50% x	1.75	=	.88		
		4.75		3.88	- 100	= 3.88%

To permit such computation to be done when several different errors are found, a table of UEL incremental factors is desirable as follows:

for 95% confidence[4]

Errors found in sample, ranked in declining tainting percentage	'Upper error limit' incremental factor
0	3.00
1st	1.75
2nd	1.55
3rd	1.46
4th	1.40
5th	1.36
6th	1.33
7th	1.30
8th	1.29
9th	1.27
10th	1.26
11th	1.24
12th	1.24
13th	1.22
14th	1.22
15th	1.21

Where:

$$\text{'upper error limit' frequency value} = \frac{1}{\text{sample size}} \times \begin{array}{rl} 3.00 \times & 100\% \\ +1.75 \times & \text{tainting \% for} \\ & \text{1st error} \\ +1.55 \times & \text{tainting \% for} \\ & \text{2nd error} \\ & \text{+ etc.} \end{array}$$

and where:

tainting % of an error =

$$\frac{\text{amount of error (in BIUs)}}{\text{reported BIUs for that student record}} \times 100\%$$

For conservatism, it is necessary to rank the errors in order of declining tainting % (as indicated above) since the UEL incremental factors are larger for the early errors. Note that the zero line is always scored at 3.00 X 100% since, even if no 100% errors are found in the sample, overstatement errors as large as 100% each (though no larger) could exist in the population.

Offsetting overstatements and understatements

The above procedures should be applied solely to errors of overstatement discovered in the audit sample. The logic is that individual errors of understatement cannot possibly aggravate any total overstatement and therefore in projecting individual errors of overstatement it is perfectly safe for the auditor simply to ignore any individual errors of understatement. If the gross UEL overstatements projected on the foregoing basis amounts to 2% or less then the auditor is in a position to give an unqualified opinion without consideration of the possible offsetting effect of any understatements.

Cases may arise, however, where the gross UEL of overstatements exceeds the 2% limit and yet it is most unlikely that the net overstatement could be this high because of the offsetting effect of understatement errors. It can be shown statistically that it is proper to deduct from the gross UEL of overstatement errors the MLE ('most likely error' rate) of understatement errors.[5]

The 'most likely error' of understatement (to be deducted above) is equal to the sum of the tainting percentages of individual understatement errors discovered in the audit sample divided by the sample size.

Summary of evaluation procedure

The above procedures can be summarized as follows:

1. after the BIU selection points have been identified throughout the population of reported BIUs, verify the student record in which selected BIU falls.

2. For each selected BIU determine a tainting % as follows:

$$\text{Tainting \%} = \frac{\text{amount of error (in BIUs)}}{\text{reported BIUs for that student record}} \times 100\%$$

3. Rank the overstatement errors in order of declining tainting % and compute the gross UEL of overstatements as follows:

$$\text{gross UEL of overstatements} = \frac{1}{\text{sample size}} \times \begin{array}{l} 3.00 \times 100\% \\ + 1.75 \times \text{tainting \% for 1st error} \\ + 1.55 \times \text{tainting \% for 2nd error} \\ + \text{etc.} \end{array}$$

using the previous table.

4. Compute the most likely error of understatement as follows:

$$\text{MLE of understatement} = \frac{1}{\text{sample size}} \times \begin{array}{l} \text{tainting \% for 1st error} \\ + \text{tainting \% for 2nd error} \\ + \text{etc.} \end{array}$$

5. Compute upper error limit of net overstatement as follows:

gross UEL of overstatements
- MLE of understatements
= net UEL overstatements

6. Compare the net error limit of overstatements to the 2% materiality limit prescribed by the Ministry.

7. If the net UEL of overstatement is 2% or less, the auditor is in a position to give an unqualified opinion as far as this portion of the audit is concerned (although, of course, the results of other audit work such as the review of internal control, the reconciliation of academic fees, etc. must be assessed judgementally as well).

8. If, on the other hand, the net UEL of overstatement exceeds 2% the auditor is not in a position to give an unqualified opinion. He should then consider the desirability of extending his sample size (this is discussed below). If, however, it seems clear that no amount of sample extension will lead to an unqualified opinion then he must report his findings to the Ministry.

Suggested audit working paper

The audit working paper form shown on the following page can be used to record the statistical evaluation according to the foregoing procedures and contains an example answer to illustrate its use.

In the example illustrated, the auditor discovered four overstatement errors and two understatement errors in his sample of 300 BIUs. The 'most likely' errors are 0.83% overstatements and 0.50% understatements, for a net 'most likely error' of 0.33% overstatements. The university records are probably overstated by only this small 0.33% rate. However, they might, subject to 95% confidence, be overstated by a net amount of as much as 1.83%

ENROLMENT AUDIT

RKING PAPER FORM FOR EVALUATING STATISTICAL SAMPLE OF 'BASIC INCOME UNITS'

A dentification o. of student ecords found to contain BIU errors	B As reported	C Should be	D amount understated	E amount overstated	F Understatements $\frac{D}{B}$ x 100%	G Overstatements $\frac{E}{B}$ x 100%	H Rank of overstatement error (in declining tainting %)	I UEL incremental factor for this rank of error (per below)	J Tainting % x UEL incremental factor (G x I)
							0	3.00	3.00
A 421	4	3		1		25%	4	1.40	.35
F 210	2	3	1		50%				
L 106	1	0		1		100%	1	1.75	1.75
H 247	3	1.5		1.5		50%	3	1.46	.73
N 151	1	2	1		100%				
S 067	4	1		3		75%	2	1.55	1.16
				TOTALS	150%	250%			6.99

Table of Factors for 95% Confidence

Errors found in sample, ranked in declining tainting percentage	'upper error limit' incremental factor
0	3.00
1st	1.75
2nd	1.55
3rd	1.46
4th	1.40
5th	1.36
6th	1.33
7th	1.30
8th	1.29
9th	1.27
10th	1.26
11th	1.24
12th	1.23
13th	1.22
14th	1.22
15th	1.21

	F	G		J
TOTALS	150%	250%		6.99
	÷	÷		÷
	300 ◁–	300 ◁	—— Sample size ——▷	300
	↓ under	↓ over	Gross UEL of overstatement:	↓
'Most likely error' MLE	0.50%	0.83%		2.33%
	└——▷	0.50%	—▷ less MLE of understatement:	0.50%
Net MLE of overstatement:		0.33%	Net UEL of overstatement	1.83%
			compare to:*	?
			Prescribed materiality limit	2.00%

*If net UEL of overstatement exceeds materiality limit auditor must either
(a) extend sample size and re-evaluate
or (b) report why unqualified opinion is impossible

(the net UEL of overstatement). Since this net UEL does not exceed the prescribed materiality limit of 2%, the auditor (subject to the completion and assessment of his other audit work: internal control review, academic fee reconciliation, etc.) is in a position to give an unqualified opinion. Had the net UEL, on the other hand, exceeded the 2% limit, he would have had to consider the possibility of sample extension.

Sample extension

Suppose that in the foregoing example the auditor's sample of 300 had instead contained 3 100% overstatement errors and no understatement errors. The statistical evaluation in this case would have worked out to the following:

$$\text{MLE of overstatement:} \quad \frac{300\%}{300} = 1\%$$

$$\text{UEL of overstatement:} \quad \frac{7.76}{300} = 2.59\%$$

Here the situation is that while the overstatement of reported BIUs is probably only 1% (which would be acceptable) it might subject to 95% confidence be as high as 2.59% (which is unacceptable). Based on the audit work done to date the audit is not in a position to give an unqualified opinion. On the other hand, there is a reasonable indication that the population error is not material (i.e. not as high as 2%) and that a larger sample size will be able to prove this. In such a situation the auditor should extend his sample size by drawing additional items from the population.

Suppose he draws an additional 300 BIUs and finds a further 3 100% overstatement errors therein (the same error frequency as in his initial sample). He now has a total sample of 600 BIUs containing 6 100% overstatement errors. It is appropriate to evaluate this expanded sample of 600 in exactly the same way as already described. The statistical evaluation of the 600 sample would work out to the following:

MLE of overstatement: $\frac{600\%}{600} = 1\%$

UEL of overstatement: $\frac{11.85}{600} = 1.98\%$

It might be noted that the MLE of 1% has not changed but the UEL has been reduced from 2.59% to 1.98% and is now acceptable (as being less than the prescribed 2% materiality limit). Based on the expanded audit work now completed, the auditor is in a position to give an unqualified opinion (always subject to completion and assessment of other audit work: internal control review, academic fee reconciliation, etc.).

In general, extending the sample size should not be counted on to change the MLE (though in any particular case it may in fact change it either up or down) but it can be counted on to reduce the precision gap between the MLE and the UEL, and thus usually to reduce the UEL. A greater amount of audit work permits a more precise answer and so the precision gap between the MLE and the UEL is narrowed.

The UEL will of course always exceed the MLE (there will always be some precision gap however large the sample size). Therefore, if in the auditor's preliminary sample of 300 he had discovered 7 100% overstatement errors - for a MLE of 2.3% and a UEL of 4.4% - there is no point in the auditor extending the sample size. The MLE projected from any extended sample is likely to remain in the neighbourhood of 2.3% and the UEL will be even higher than this. There is therefore little prospect of bringing the UEL down to 2% and thereby obtaining an acceptable conclusion. Indeed, if the initial work indicates that a material error (over 2%) probably does exist and it is unlikely that extended work will provide 95% confidence that a 2% error does not exist, the auditor should not extend the sample but proceed immediately to report to the Ministry.

Guide as to sample extension

The following table can be used as a guide in deciding to what extent an initial sample should be extended (if any extension is appropriate at all).

For 95% confidence[6]

Sample Size	Number of 100% overstatement errors found in sample (assuming no understatement errors found)	MLE (=sample error rate)	UEL
150	0	0.00%	2%
240	1	.42	2
320	2	.64	2
390	3	.78	2
460	4	.88	2
520	5	.94	2
590	6	1.02	2
660	7	1.06	2
720	8	1.10	2
790	9	1.14	2
850	10	1.18	2

To use the previous example, if the auditor had found a 1% sample error rate in an initial sample of 300 (say, 3 100% errors), it would be reasonable to extend his sample size to 590 (or about 600) since the above table shows that if the 1% sample error rate continues the same when he extends his sample (which is the most likely event) then a sample of 590 is needed before a sample error rate as high as 1% yields a UEL of the desired 2%.

The above table can only, however, be an approximate guide because:

(a) the table is only in terms of 100% errors
- this gives the worst situation
- the situation is not as bad if an equivalent value of smaller errors is found instead
- for example, in a sample of 100:
  - one 100% error yields an MLE of 1% and a UEL of 4.75%
  - but two 50% errors yield an MLE of 1% but a UEL of only 4.65%

(b) the table is only in terms of overstatement errors
- the situation is slightly worse if the equivalent net value of sample errors is made up instead of offsetting overstatements and understatements
- for example, in a sample of 100:
  - 1 1% overstatement sample error frequency yields a UEL of 4.75%
  - but a net 1% overstatement sample error frequency made up of 2% overstatement offset by 1% understatements yields a net UEL of 5.30%.

Nonetheless, use of this table will give a general indication of the extent to which the sample size should probably be increased. Of course, if the sample error rate found in the initial sample is, say 1.6% it may be uneconomical to increase the sample (since a total sample of well over 1,000 items would be required) and a report under section IV.I, paragraph 1 may be preferable.

Note that when a sample is extended the results of the initial sample must not be discarded but rather incorporated into the total cumulative sample. The cumulative sample (initial stage plus extension) must then be re-evaluated using the same procedures as outlined previously.

If a sample is extended from, say 400 to 600, it is also important that the additional 200 selection points be drawn randomly out of the whole population. The mechanics of drawing the additional 200 items are the same as for the first 400 (except, of course, a different average sampling interval is involved). In fact, if there appears to be a reasonable possibility that sample extension may be required, the full 600 points can be identified in the first place (to avoid the need to go back and count through the population of BIUs a second time). In such a case, the initial sample of 400 would be randomly selected out of the 600 identified selection points (perhaps by omitting every third one), the initial sample of 400 verified, and the additional 200 selection points only examined should the initial sample of 400 prove unacceptable.

Planning the initial sample size

The same table presented above as a guide for sample extension can also be used for planning the initial sample size. Referring to this table, it is clear that the initial sample must be no less than 150 items (since a sample of 150 items barely yields a 2% UEL if no sample errors are found). It would, however, generally be imprudent to choose an initial sample size as low as 150 since at this size the discovery of even one error however small, will render the conclusions unacceptable and necessitate sample extension.

Previous years' audit results will obviously be the best guide. For example, if past sample error rates have varied between 0 and 0.6% a sample size of about 300 would seem a prudent choice. Of course, there is always the chance that the current year results may turn out worse and the 300 prove inadequate. In such a case however, the auditor can proceed to extend his sample size (rather than examining an excessive sample size to start with).

It should be stressed that while estimating the required sample size is always an uncertain business (involving, as it does, the anticipation of what sample error rate may be encountered), this uncertainty doe not attach to the final statistical evaluation. Once a sample has been chosen, verified and the sample error rate determined, an objective statistical conclusion can be drawn based on the evaluation procedures described earlier.

Summary of BIU statistical sampling steps

The above procedures for conducting a statistical sample of BIU records can be summarized as follows:

1. Based on prior years' observed error frequencies (or any indications of the current year's frequency) choose an adequate sample size (greater than 150) by reference to the sample extension guide.

   For example, if prior years' observed error frequencies have been in the range of 0 to 0.6%, an initial sample size of about 300 would usually be a prudent choice.

2. If there is a reasonable possibility that subsequent sample extension might prove necessary choose (by reference to the guide) a gross sample size larger than #1. Determine all the gross sample selection points counting through the BIU population either manually or by computer (see above discussion on sampling mechanics). Select the initial sample (#1) out of the gross sample selection points (e.g. by selecting every other one, or every third, etc.).

3. Verify the initial sample and determine the tainting percentages of any individual errors of overstatement or understatement discovered therein.

4. Compute the statistical conclusion arising from the initial sample results by completing the working paper form on page 76. Compare the net 'upper error limit' of overstatement to the prescribed 2% materiality limit.

5. If the net UEL of overstatement does not exceed 2% the auditor is in a position to give an unqualified opinion (subject to the completion and assessment of other audit work: internal control review, academic fee reconciliation, etc.).

6. If the net UEL of overstatement exceeds 2% but the net MLE of overstatement is significantly less than 2% (say, not much in excess of 1%) then there is every indication that an acceptable conclusion will be able to be reached through sample extension. Based on the sample error rate observed in the initial sample, and by reference to the sample extension guide, choose the extended sample size likely to be required.

7. Select additional sample items randomly (either from the population directly or from the additional gross sample selection points already held in reserve in #2) to increase the cumulative sample size up to the extended size chosen in #6. Verify these additional sample items. Re-evaluate the whole extended sample by re-completing the working paper form. Compare the new net 'upper error limit' of overstatement to the prescribed 2% materiality limit. The process of sample extension can be continued in this manner until an acceptable conclusion is reached or until it becomes evident that no acceptable conclusion is possible.

8. Where the MLE of overstatement (of either the initial or extended sample) exceeds 2% or where it is only slightly under 2% (e.g.1.6%, 1.8% etc.) it is unlikely that any acceptable conclusion will be able to be reached through sample extension (or further sample extension). The auditor should therefore report his findings in such a case to the Ministry as called for in section IV.I, paragraph 1.

Investigation of nature of errors discovered

This subsection has been directed exclusively to the drawing of a statistical conclusion based on the frequency of errors observed in a sample of BIUs. None of the statistical work should, however, limit the auditor from evaluating judgementally any other evidence available from the audit work. In particular, it is desirable that the auditor investigate the nature of any errors discovered in his audit sample. If any errors discovered in the sample appear to be systematic in nature, the auditor may well wish to perform additional judgemental audit steps to assess the likely extent of such systematic errors over and above his statistical sample projections of upper error limits.

Combination with other audit conclusions

The statistical projections described in this subsection relate to the projection of a possible error frequency among the population of BIU records and the comparison of this upper error limit with the 2% materiality guideline. Of course, if other known errors are discovered outside the BIU records being subjected to sampling the effect of these known errors should be added to the statistical 'upper error limits' and the total compared to the 2% materiality guideline. For example, if an overstating addition error of 0.5% was discovered in the summarization of the total BIU figure reported on the enrolment reports and, on top of this, the statistical upper error limit for overstatements among the individual BIU records was 1.9%, the total combined 'upper error limit' would be 2.4% (and hence unacceptable without further work).

. If this is an exchange program under the terms of a formal exchange agreement give:
(a) Name and date of agreement: ______________________________
(b) A brief description of its terms:

(c) Name of (each) other participating university:

(d) No. of foreign students in Canada on this exchange (append list of their names) __________________
(e) No. of students from your university abroad on this exchange (append list of their names) __________________
(f) No. of FTE's claimed for formula grants __________________
(g) No. of BIU's claimed for formula grants __________________

. If this is not an exchange program give:

(a) No. of Ontario students enrolled in this study abroad program or course who have registered in Ontario at your university (append list of their names) ______________________________

(b) Have all of the above:
- (i) enrolled for credit in degree programs described in their Ontario university's official calendar? ___ Yes ___ No
- (ii) been assessed the regular academic fee for their study abroad program/course ? ______ Yes ________ No
- (iii) received instruction abroad paid for by their Ontario university ? _______ Yes _______ No
- (iv) together generated no more formula income for their Ontario university than twice its direct costs _______ Yes ______ No (exclude from grant claim any students with "No" answers, noting which they are on appended list).

(c) No. of FTE's claimed for formula grants ____________________
(d) No. of BIU's claimed for formula grants ____________________
(e) 50% of (BIU's x current BIU value of $ _______________) = __________
(f) Man-years of teaching given (based on an Ontario faculty member's normal annual load) by
- (i) Ontario university's regular faculty ____________________
- (ii) Other faculty specifically retained by Ontario university for program/course ________________

(g) Direct costs of program/course (Formula-eligible expenditures only)

Teaching (attributable salaries and benefits)
Other instructional costs
Physical facilities
Supplies and equipment
Other (specify)

otal (equal to 15(e) or greater)

____
$_____________

ignature, responsible ean (or equivalent)	Date	Enrolment Reporting Officer	Date

Other considerations

A number of other considerations may well arise in the conduct of any particular enrolment audit. For example, in some universities the net 'weighted enrolment' is reduced by certain cost-sharing percentages related to affiliated colleges. These cost-sharing percentages are themselves subject to audit and such audit may likewise be performed using statistical sampling procedures. In the latter case it is desirable that the statistical conclusions regarding the gross reported BIU's and the statistical conclusions regarding the cost-sharing percentages be combined before comparison with the prescribed 2% materiality limit.

A discussion of this and other considerations is, however, beyond the scope of this subsection. The auditor who has had some training in statistical sampling techniques will be able to resolve such matters when they are encountered.

[1] Note: With respect to the specific prescribed guidelines of 95% confidence and 2% upper error limit, the Ministry's prescription requires only that these be applied to net overstatements. When, however, the auditor expresses an opinion that the "enrolment reports present fairly the weighted enrolment" he will normally want to satisfy himself in any event that there is reasonable confidence that neither a material overstatement error nor a material understatement error exists. The procedures described in this appendix should usually be adequate to give such reasonable assurance with respect to understatements as well as overstatements.

[2] Note: The mechanics of selecting every nth BIU are complicated if the BIU weights are applied manually at a summary level and are not readily available at a detail level. In some cases, this problem can be solved by stratifying the population into groups, students within each group having identical BIU weights. In a computerized system, however, these problems are not as great.

[3] Technical note: This table is based on Poisson Tables, and represents a slightly conservative (ie. safe) approximation to Binomial Tables (the rigorous values for attribute sampling from large populations). Additional conservatism arises when these values are used for very small populations (e.g. when 20% of the population has been covered in the sample) but the amount of this additional conservatism (from ignoring the 'finite population correction' factor) is slight. In any case, since both the above approximations are conservative, the values are safe for the auditor to use (i.e. if anything they will yield conclusions slightly more pessimistic than those the auditor is really entitled to as a result of his sampling). Further information as to the derivation of the above values statistically can be supplied to any interested party.

[4] Technical Notes:

1. This table represents merely the increments between successive values shown in the previous table. The derivation of the values is subject to the same technical note as the previous table.

2. The above method of evaluation by ranking tainted percentages is supported by Dr. Albert Teitlebaum of McGill University and also corresponds (except for differences in terminology) with that outlined in Chapter V of the Research Study, "Statistical Sampling in an Audit Context", published in March 1972 by the Canadian Institute of Chartered Accountants. It is possible to eliminate some of the conservatism inherent in this method by the use of a computer program, but such a refinement is usually not significant enough to be worthwhile.

[5] Technical note: For 95% confidence this statement is rigorous for populations consisting of up to 3.6% overstatements offset by 1.6% understatements. Even for 6% overstatements offset by 4% understatements the slight inaccuracy of the statement is not large enough to be of material consequence. Auditors should, however, avoid using the offsetting benefit of understatements when gross projected errors in both direction are each several times the 2% materiality limit.

[6] Technical notes:

1. This table is constructed from the previous tables to show what sample size and error combinations yield a 2% UEL.

2. Technically the values shown are only rigorous for one-stage samples. Where a one-stage sample of 590 is found to contain 6 errors there is 95% confidence with respect to a 2% UEL. Where a sample of 590 however, is drawn in two stages (say, 240 first plus a further 350 later) with a possibility of stopping at the end of the first stage (in this case if only 1 error had been found in the first 240), it can be shown statistically that there is a slight fall-off in confidence level (in the range of a few percentage points). That is, if 6 errors are found in total in the two-stage sample of 590, there is not quite 95% confidence with respect to a 2% UEL as indicated above. However, it can be shown that in the range of sample extensions likely to be employed by auditors, such fall-off is slight. Considering the judgemental nature of a choice of 95% confidence in the first place, and the complexities of the statistical refinements necessary to obtain a perfectly rigorous answer, this slight statistical inaccuracy should not be considered of significance.

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AUDIT IMPLICATIONS

Reference Formula Manual Section No.	Evidence required that	Possible Audit Test Procedures
III 2.1 (a)(i)	Student has an honours undergraduate degree or equivalent	Examine transcript or other documentary evidence
III 3.6	Program of studies meets requirements of Q.C.G.S. appraisals procedure	Where applicable, examine evidence of successful program appraisal
III 2.1 (a)(ii)	Student is making substantial demands on resources of the university	Obtain certificate (see form - Part II)
III 3.9	No units have been claimed for students registered but inactive	" " " " "
III 2.1 (b)(iv)	Student claimed as full-time geographically available and visits campus regularly	" " " " "
III 2.1 (b)(iv)	Student has not been absent for four weeks in any term without required approval	" " " " "
III 2.1 (b)(vi)	Student's employment, if any, does not involve more than 10 hours per week	" " " " "
III 2.1 (b)(v)	Student has not been employed outside the university except by supervisor's permission	" " " " "
III 2.1 (b)(ii)	Student identifies himself as a full-time graduate student	This should be verified by reference to student records (statement of intent, etc
II 3	Minima and maxima provisions have been adhered to.	(a) examine, on a test basis, units claim during the academic year under these provisions (b) Assess the adequacy of records and procedures for the correct determination these claims
General	Adequate records and procedures have been established for the counting of graduate students for entitlement purposes.	Review of internal control

CERTIFICATION OF GRADUATE STUDENT STATUS AND ELIGIBILITY FOR FORMULA OPERATING GRANT SUPPORT

To: (Name of Auditors) ________ Term of 19 ____ 19 ____ Session

Name of Student Claimed for support: ____________ Program of Study: ____________

Status reported Full-time ☐ Part-time ☐

	Yes	No
(i) This student made substantial demands upon the resources of the university (i.e.either the student was registered in a regular course of study or was actively engaged in writing a dissertation under continuing supervision).	____	____
(ii) For students accorded full-time status:		
(a) Apart from approved absence (see Item (b) above)) was student geographically available and did he visit the campus regularly?	____	____
(b) If the student was absent from the university for a period exceeding four weeks, was such absence approved as required?	____	____
(c) Was it satisfactorily established that the employment restrictions in regard to the student being claimed for entitlement were complied with?	____	____

8. STUDY ABROAD PROGRAMS AND COURSES

(To be submitted for audit purposes
by responsible deans to Registrar)

1. University offering program/course ____________ Fiscal year ________

2. Name of program/course ____

3. Category:
   - __________ Study abroad program
   - __________ Study abroad course
   - __________ Exchange program (under formal agreement)

4. Recognized by Senate for credit when? ________________ Ref: ________

5. Designed as an integral part of what degree program? ______________________________

6. Program level (year of study): ______________________________________

7. Length of program/course (in weeks): From ____________ To ________

8. What is the duration of the program/course in student contact hours? _________
   Is this at least equal to the contact hours for comparable programs/courses (specify below) offered on campus in Ontario during the same session? ________ Yes _______ No.

9. Courses offered abroad: ______NAME______ ______NUMBER______

10. Location offered (country/city): ______________________ __________

11. In what year was this program/course started? ____________________

12. If started before 1981, was MCU approval for formula funding obtained? ____________________

13. Briefly explain why a foreign locale is essential for this program/course:

9. PROCEDURES TO BE USED IN CONNECTION WITH FOREIGN STUDENT FORMULA FEES:

Section I.6 provides a full description of the policy regarding application of such fees. It continues to be a requirement that ~~the~~ institutions obtain a signed certificate from each student at the time of registration, in which the student declares and attests to his or her exemption status (a warning of a penalty for false disclosure should appear on the certificate) and agrees, if so required, to substantiate the declaration with documentary evidence.

The institution is expected to have in place documented procedures that are followed in respect of all new registrants to assess the reliability of the above certificates.

Procedures in respect of Enrolment Audit as Applicable to Foreign Student Fees

Institutions are now required to provide to the auditor documented procedures that are followed in respect of all new registrants to assess the reliability of the certificates in respect of exemption from foreign student formula fees.

It remains the objective that the auditor's opinion be provided in the format shown in Section IV.1 and apply both to basic income units and formula fees; however, where, taking into account materiality limits, the auditor is unable to ascribe to the formula fee application the same degree of certainty, the Ministry will accept, in lieu of an opinion, in respect of foreign student fees, either as part of the auditor's report in Section IV.1 or as a separate report, an audit opinion in respect of compliance to the procedures in the manner provided in section 5815 of the CICA Handbook, Separate Reports - Reports on Compliance.

The auditor's reporting in respect of foreign student fees must reference and attach a copy of the procedures, provide concurrence (or otherwise) as to the acceptability of the procedures, state whether examination was made in accordance with generally accepted auditing standards and accordingly, included such tests and other procedures as considered necessary in the circumstances and express an opinion as to whether or not the institution has complied with the referenced procedures.

APPENDIX 5.1.1

ONTARIO UNIVERSITIES STANDARD FEES SCHEDULE
1988-89 - REGULAR FEES

UNDERGRADUATE (TWO TERM FEES)

Group 1:	Standard Fee: $ 825
Technology (Lakehead)	

Group 2:	Standard Fee: $1,101
Ryerson (all programs)	

Group 3:	Standard Fee: $1,135
Ontario College of Art	

Group 4:	Standard Fee: $1,064
Dental Hygiene (Technology)	
Nursing Technology	
Theology	

Group 5:	Standard Fee: $1,249
Agriculture	
Arts and Science (Toronto)	
Arts & Science (1st Year, Trent)	
Arts, General & 1st Year Honours	
Arts, Upper Years Honours	
Commerce & Business Administration	
Conversion Engineering (Lakehead)	
Diploma Public Health Nursing	
Education	
Environmental Studies	
Fine and Applied Arts	
Forestry	
Household & Food Science	
Journalism	
Law	
Library Science	
Music	
Nursing	
Pharmacy	
Physical & Health Education	

Group 5: (continued)	Standard Fee: $1,249
Physio & Occupational Therapy Preliminary Year Pre-medicine Secretarial Science Science General & 1st year Honours Science, Upper years Honours Social Work, 1st year Social Work, Upper years Veterinary Medicine	

Group 6:	Standard Fee: $1,355
Architecture Engineering Landscape Architecture Industrial Design Optometry	

Group 7:	Standard Fee: $1,588
Dentistry Medicine	

GRADUATE (ONE TERM FEE)

All programs **:	Standard Fee: $ 627

** Except residency years of Oral Surgery and Oral Pathology, to which a zero standard fee applies (started in 1984-85)

APPENDIX 5.1.2

ALLOWABLE NON-TUITION-RELATED COMPULSORY ANCILLARY FEES DEFINITIONS

PLACEMENT FEES:

Institutions may charge for the total costs of placing students in jobs for work terms. The following types of costs will be considered eligible for coverage.

(i) placement-service costs including:

- salaries and benefits of that portion of each position directly related to the provision of co-op placement services and work-term activity, including such positions as placement directors, officers, assistants, and administrative and support staff; and
- non-salary expenditures attributable to the provision of co-op placement services and work-term activities including travel, telephone, mailing/postage, printing, photocopying, publicity, computing, equipment and furnishing, supplies and expenses, and external meetings, etc.; and

(ii) maintenance costs of space used for placement service, including costs of utilities, custodial service and security of this space. Eligible space should include:

- the space used for administrative and professional placement staff; and
- interviewing or meeting rooms used in the placement function.

The costs of space used for part of the time for other purposes should be adjusted according to the proportion of usage for placement service.

FEES FOR LEARNING MATERIAL AND CLOTHING RETAINED BY STUDENT
(e.g. micro-computers, dental kits)

FEES FOR MATERIAL USED IN PRODUCTION OF ITEMS WHICH BECOME THE PROPERTY OF THE STUDENT.

FIELD TRIP FEES:

Institutions may charge for the reasonable, direct costs of travel and accommodation of students on field trips. Fees cannot be charged for such things as salaries and benefits or travel and accommodation of faculty or for any specific tuition-related activities for any field trips. Fees cannot be charged for any component of out-of-province field trips in

- compulsory courses (as defined in Section 5.1.2.2). (exemptions may be granted by the ministry for reasonable direct costs of out-of-province field trips in compulsory courses for institutions located near inter-provincial or international borders.)

HEALTH/INSURANCE

STUDENT ACTIVITY FEES:

Student Activity fees are those fees the revenue from which is not applied to the costs of instruction in any course or program normally offered for credit toward an eligible degree, diploma or certificate, but is applied to the costs of enhancing the cultural or social or recreational life of the students, or to provide other non-academic services to students. This definition excludes academic services such as library, computing, and learning centre services.

ATHLETIC FEES:

Athletic fees are those fees the revenue from which is not applied to the costs of instruction in any course or program normally offered for credit toward an eligible degree, diploma or certificate, but is applied to the costs of providing athletic or recreational services to students or the costs of athletic associations, or the cost of institutional athletic teams.

STUDENT GOVERNMENT FEES

TRANSPORTATION/PARKING CHARGES

STUDENT REFERENDA:

Fees approved by student referenda for purposes not covered by operating revenue (grants and fees) are permissible.

Appendix 5.1.2.2

CERTIFICATION OF COMPULSORY ANCILLARY FEES CHARGED TO STUDENTS

(UNIVERSITY LETTERHEAD)

TO: Rodger L. Cummins
Director
University Relations Branch
9th Floor, Mowat Block
Queen's Park, Toronto
M7A 1L2

This is to certify that $______________ was collected during the academic year 19__ to 19__ from students registered at (name of institution) in the form of compulsory ancillary fees. All these fees conform to the definitions of "allowable non-tuition-related compulsory ancillary fees" as provided in Appendix 5.1.2.3 of the Ontario Operating Funds Distribution Manual with the exception of the fees outlined below:

We understand that any revenue collected for fees which do not conform to the prescribed definitions will be deducted from the (name of institution) operating grant.

____
Executive Head
(Name of Institution)

____
Chairperson, Board of Governors
(Name of Institution)

APPENDIX 5.1.3

ONTARIO UNIVERSITIES STANDARD FEES SCHEDULE 1988-89 - DIFFERENTIAL FEES

UNDERGRADUATE (TWO TERM FEES)

GROUP I (TYPE A)*	REGULAR FEE	ADDITIONAL FEE	TOTAL FEE
PROGRAM GROUP 1	$825	$3,885	$4,710
PROGRAM GROUP 2	$1,101	$3,609	$4,710
PROGRAM GROUP 3	$1,135	$3,575	$4,710
PROGRAM GROUP 4	$1,064	$3,646	$4,710
PROGRAM GROUP 5	$1,249	$3,461	$4,710

GROUP II (TYPE B)*	REGULAR FEE	ADDITIONAL FEE	TOTAL FEE
PROGRAM GROUP 5	$1,249	$6,428	$7,677
PROGRAM GROUP 6	$1,355	$6,322	$7,677
PROGRAM GROUP 7	$1,588	$6,089	$7,677

GRADUATE (ONE TERM FEES)

GROUP I (TYPE A)*	REGULAR FEE	ADDITIONAL FEE	TOTAL FEE
Theology only	$627	$1,728	$2,355

GROUP II (TYPE B)*	REGULAR FEE	ADDITIONAL FEE	TOTAL FEE
All other programs	$627	$2,252	$2,879

REGISTERED BEFORE SEPTEMBER 1/82	REGULAR FEE	ADDITIONAL FEE	TOTAL FEE
(In program)	$627	$675	$1,302

* GROUP I (TYPE A) = Students reported in a program of weight per term of 0.75 or less, or as Upper Years Honours Science, Music, or Environmental Studies at weight 1.0 per term.

GROUP II (TYPE B) = Students in all other programs.